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DAN F. ARNETT
CHIEF OF STAFF

February 28, 2005

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

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SC PUBLIC SERVICE
COMMISSION

Re: Application of Midlands Utility, Inc. for an approval of New Schedule of Rates and Charges for Sewage Service provided to its customers in Richland, Lexington, Fairfield and Orangeburg Counties.
PSC Docket No.: 2004-297-S

Dear Charles:

Enclosed please find eleven (11) copies of each of the following late filed exhibits in the above referenced matter: Exhibit 11 – Rules of the Florida Public Service Commission, Exhibit 12 - Revised revenue exhibits DMH-5, DMH-6, DMH-7, DMH-8, and Exhibit 15 – Revised Audit Exhibit A-1 (Explanation of Accounting and Proforma Adjustments). Please file-stamp the extra copies enclosed and return them to me via our courier.

Please let me know if you have any questions.

Sincerely,

Wendy B. Cartledge

Wendy B. Cartledge

WBC/cc

Enclosures

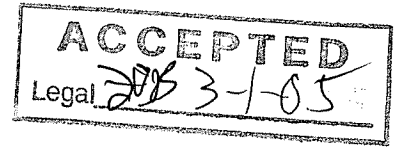
cc: Charles Cook, Esquire

MIDLANDS UTILITY, INC.
2004-297-S
SERVICE REVENUE EXHIBIT
FOR THE TEST YEAR ENDING JUNE 30, 2004

| Customer Classification (8) | Total SFE's invoiced during test year (2) | Base Charge/Mo. (3) | Calculated Revenues (4) | Reported Revenues (5) | Difference (6) | Uncollectible % |
|--------------------------------|--|---------------------|----------------------------|--------------------------|--------------------|-----------------|
| Residential/Commercial | 34298.15 | \$26.70 | \$915,760.61 | | | |
| Mobile Home | 57.76 | \$20.30 | \$1,172.53 | | | |
| Residential - Royal Hills | 440.81 | \$30.93 | \$13,634.25 | | | |
| Mobile Home - Royal Hills | 87.4 | \$27.52 | \$2,405.25 | | | |
| Total SFE's Invoiced | 34884.12 | | \$932,972.63 | \$919,041.34 | \$13,931.29 | 1.52% |

Calculation Methodology:

- (1) The purpose of a bill frequency analysis is to provide a comparison between service revenue reported by MUI and service revenue billed by MUI.
- (2) Total number of Single Family Equivalents (SFE) invoiced during the test year as computed by ORS.
- (3) Average monthly base charge/SFE as reflected on MUI approved schedule of rates and charges.
- (4) ORS Calculated revenues calculated by: base charge/month X total SFE's invoiced during test year = Calculated Revenues.
- (5) MUI reported service revenues as documented on General Ledger for Test Year. MUI did not breakdown reported service revenues by customer classification.
- (6) Difference between Calculated Revenues and Reported Revenues.
- (7) Customer Late Fees, Tap Fees, Reconnection Fees, Set-up Fees, Deposits and Interest on Deposits are not included in any of the above computations.
- (8) Revised Exhibit to incorporate all PSC approved base charges for MUI. Calculated revenues increased by \$1,566.63.



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ORS: Test Year Revenue Calculation

| Customer Type (1) | SFE's invoiced during test year (2) | Test Year Base Charge/Mo. (3) | Test Year Calculated Revenues (4) | Total ORS Collection/MUI Treatment Revenue (6) |
|---|-------------------------------------|-------------------------------|-----------------------------------|--|
| Collection Only Revenue for Residential/Commercial Customers | 27701.13 | \$14.22 | \$393,910.07 | \$393,910.07 |
| Collection Only Revenue for Mobile Home Customers | 145.16 | \$10.81 | \$1,569.18 | \$1,569.18 |
| Outside Residential/Commercial Treatment Revenue Total (5) | 27260.32 | \$12.48 | \$340,208.79 | \$0.00 |
| Outside Mobile Home Treatment Revenue Total (7) | 57.76 | \$9.49 | \$548.14 | \$0.00 |
| Outside Royal Hills Treatment Revenue Total (8) | 528.21 | \$16.71 | \$8,826.39 | \$0.00 |
| Treatment Provided by MUI - Residential/Commercial | 7037.83 | \$26.70 | \$187,910.06 | \$187,910.06 |
| Treatment Provided by MUI - Mobile Home | 0 | \$20.30 | \$0.00 | \$0.00 |
| Total | 34884.12 | | \$932,972.63 | \$583,389.31 |

ORS: During Construction Revenue Calculation

| Customer Type (1) | SFE's invoiced during test year (2) | Proposed During Construction Base Charge/Mo. (3) | Proposed During Construction Calculated Revenues (4) | Proposed During Construction Total Collection/MUI Treatment Revenue (6) |
|---|-------------------------------------|--|--|---|
| Collection Only Revenue for Residential/Commercial Customers | 27701.13 | \$23.03 | \$637,957.02 | \$637,957.02 |
| Collection Only Revenue for Mobile Home Customers | 145.16 | \$17.27 | \$2,506.91 | \$2,506.91 |
| Outside Residential/Commercial Treatment Revenue Total (5) | 27260.32 | \$13.32 | \$363,107.46 | \$0.00 |
| Outside Mobile Home Treatment Revenue Total (7) | 57.76 | \$13.32 | \$769.36 | \$0.00 |
| Outside Royal Hills Treatment Revenue Total (8) | 528.21 | \$16.71 | \$8,826.39 | \$0.00 |
| Treatment Provided by MUI - Residential/Commercial | 7037.83 | \$37.90 | \$266,733.76 | \$266,733.76 |
| Treatment Provided by MUI - Mobile Home | 0 | \$28.43 | \$0.00 | \$0.00 |
| Total | 34884.12 | | \$1,279,900.91 | \$907,197.69 |

ORS: After Construction Revenue Calculation

| Customer Type (1) | SFE's invoiced during test year (2) | Proposed After Construction Base Charge/Mo. (3) | Proposed After Construction Calculated Revenues (4) | Proposed After Construction Total Collection/MUI Treatment Revenue (6) |
|---|-------------------------------------|---|---|--|
| Collection Only Revenue for Residential/Commercial Customers | 27701.13 | \$24.03 | \$665,658.15 | \$665,658.15 |
| Collection Only Revenue for Mobile Home Customers | 145.16 | \$18.02 | \$2,615.78 | \$2,615.78 |
| Outside Residential/Commercial Treatment Revenue Total (5) | 27260.32 | \$13.32 | \$363,107.46 | \$0.00 |
| Outside Mobile Home Treatment Revenue Total (7) | 57.76 | \$13.32 | \$769.36 | \$0.00 |
| Outside Royal Hills Treatment Revenue Total (8) | 528.21 | \$16.71 | \$8,826.39 | \$0.00 |
| Treatment Provided by MUI - Residential/Commercial | 7037.83 | \$38.95 | \$274,123.48 | \$274,123.48 |
| Treatment Provided by MUI - Mobile Home | 0 | \$29.21 | \$0.00 | \$0.00 |
| Total | 34884.12 | | \$1,315,100.63 | \$942,397.41 |

Calculation Methodology:

- (1) Collection only service charge established under order 2002-138. All Customers divided into collection-only residential/commercial, collection-only mobile home and treatment classifications.
- (2) Total number of Single Family Equivalent's (SFE's) invoiced during the test year as computed by ORS.
- (3) Average monthly base charge/SFE as reflected on MUI approved schedule of rates and charges and proposed during construction rates and charges.
- (4) ORS calculated revenues calculated by: base charge/month X total SFE's invoiced during test year = Calculated Revenues.
- (5) Outside Treatment Revenue reflects the amount of revenue from collection customers (residential/commercial/mobile home) for outside treatment provided by Cayce, Winsboro, Orangeburg and CWS.
- (6) Total Collection/MUI Treatment revenue reflects service revenue for collection services for all customers and treatment revenue for customers provided final treatment by a MUI WWTF
- (7) Revised Exhibit: Outside Mobile Home Treatment Revenue reflected as a separate customer type to provide clarity and consistency with Exhibit DMH-5.
- (8) Revised Exhibit: Outside Royal Hills Treatment Revenue reflected as a separate customer type to provide clarity and consistency with Exhibit DMH-5. Base Charge is reflective of Commission Order 2002-785.
- (9) Customer Late Fees, Tap Fees, Reconnection Fees, Set-up Fees, Deposits and Interest on Deposits are not included in any of the above computations.

COLLECTION-ONLY AND TREATMENT SERVICE REVENUE COMPARISON

ORS: Test Year Rate and Proposed Increase Rate Comparison

| Customer Type (1) | SFE's invoiced during test year (2) | Test Year Base Charge/Mo. (3) | Proposed During Construction Charge/Mo. (3) | Proposed Rate Increase - During Construction | Percent Increase - During Construction | Proposed After Construction Charge/Mo. (3) | Proposed Rate Increase - After Construction | Percent Increase - After Construction |
|--|---|--|--|---|---|--|---|--|
| Collection Only Revenue for Residential/Commercial Customers | 27701.13 | \$14.22 | \$23.03 | \$8.81 | 61.95% | \$24.03 | \$1.00 | 4.34% |
| Collection Only Revenue for Mobile Home Customers | 145.16 | \$10.81 | \$17.27 | \$6.46 | 59.76% | \$18.02 | \$0.75 | 4.34% |
| Outside Residential/Commercial Treatment Revenue Total (5) | 27260.32 | \$12.48 | \$13.32 | \$0.84 | 6.73% | \$13.32 | \$0.00 | 0.00% |
| Outside Mobile Home Treatment Revenue Total (7) | 57.76 | \$9.49 | \$13.32 | \$3.83 | 40.36% | \$13.32 | \$0.00 | 0.00% |
| Outside Royal Hills Treatment Revenue Total (8) | 528.21 | \$16.71 | \$16.71 | \$0.00 | 0.00% | \$16.71 | \$0.00 | 0.00% |
| Treatment Provided by MUJ - Residential/Commercial | 7037.83 | \$26.70 | \$37.90 | \$11.20 | 41.95% | \$38.95 | \$1.05 | 2.77% |
| Treatment Provided by MUJ - Mobile Home | 0 | \$20.30 | \$28.43 | \$8.13 | 40.05% | \$29.21 | \$0.78 | 2.74% |
| Total Customers by SFE | 34884.12 | | | | | | | |

ORS: Test Year Total Revenue and Proposed Increase Total Revenue Comparison

| Customer Type (1) | SFE's invoiced during test year (2) | Test Year Calculated Revenues (4) | Proposed During Construction Calculated Revenues (4) | Percent Increase/ Decrease | During Construction - Phase 1 | | | After Construction - Phase 2 | | |
|--|---|--|--|----------------------------------|--|--|----------------------------------|--|----------------------------------|----------------------------------|
| | | | | | Test Year Total ORS Collection/MUJ Treatment Revenue (6) | Proposed During Construction Collection/MUJ Treatment Revenue | Percent Increase/ Decrease | Proposed After Construction Collection/MUJ Treatment Revenue | Percent Increase/ Decrease | Percent Increase/ Decrease |
| Collection Only Revenue for Residential/Commercial Customers | 27701.13 | \$393,910.07 | \$637,957.02 | 61.95% | \$393,910.07 | \$637,957.02 | 61.95% | \$665,658.15 | 61.95% | 4.34% |
| Collection Only Revenue for Mobile Home Customers | 145.16 | \$1,569.18 | \$2,506.91 | 59.76% | \$1,569.18 | \$2,506.91 | 59.76% | \$2,615.78 | 59.76% | 4.34% |
| Outside Residential/Commercial Treatment Revenue Total (5) | 27260.32 | \$340,208.79 | \$363,107.46 | 6.73% | \$0.00 | \$0.00 | 0.00% | \$0.00 | 0.00% | 0.00% |
| Outside Mobile Home Treatment Revenue Total (7) | 57.76 | \$548.14 | \$769.36 | 40.36% | \$0.00 | \$0.00 | | | | |
| Outside Royal Hills Treatment Revenue Total (8) | 528.21 | \$8,826.39 | \$8,826.39 | 0.00% | \$0.00 | | | | | |
| Treatment Provided by MUJ - Residential/Commercial | 7037.83 | \$187,910.06 | \$266,733.76 | 41.95% | \$187,910.06 | \$266,733.76 | 41.95% | \$274,123.48 | 41.95% | 2.77% |
| Treatment Provided by MUJ - Mobile Home | 0 | \$0.00 | \$0.00 | 0.00% | \$0.00 | \$0.00 | 0.00% | \$0.00 | 0.00% | 0.00% |
| Total | | \$932,972.63 | \$1,279,900.90 | 37.19% | \$583,389.31 | \$907,197.69 | 55.50% | \$942,397.41 | 55.50% | 3.88% |

Calculation Methodology:

- (1) Collection only service charge established under order 2002-138. All Customers divided into collection-only residential/commercial, collection-only mobile home and treatment classifications.
- (2) Total number of Residential Equivalent Units (REU) invoiced during the test year as computed by ORS.
- (3) Average monthly base charge/REU as reflected on MUJ approved schedule of rates and charges and proposed during construction rates and charges.
- (4) ORS Calculated revenues calculated by: base charge/month X total SFE's invoiced during test year = Calculated Revenues.
- (5) Outside Treatment Revenue reflects the average amount of revenue from collection customers (residential/commercial/mobile home) for outside treatment provided by Cayce, Winnsboro, Orangeburg and CWS.
- (6) Total Collection/MUJ Treatment revenue reflects service revenue for collection services for all customers and treatment revenue for customers provided final treatment by a MUJ WWTF
- (7) Revised Exhibit: Outside Mobile Home Treatment Revenue reflected as a separate customer type to provide clarity and consistency with Exhibit DMH-5.
- (8) Revised Exhibit: Outside Royal Hills Treatment Revenue reflected as a separate customer type to provide clarity and consistency with Exhibit DMH-5. Base Charge is reflective of Commission Order 2002-785.
- (9) Customer Late Fees, Tap Fees, Reconnection Fees, Set-up Fees, Deposits and Interest on Deposits are not included in any of the above computations.

MIDLANDS UTILITY, INC.
2004-297-S
EFFECT OF PROPOSED RATES ON MONTHLY CUSTOMER BILL
FOR THE TEST YEAR ENDING JUNE 30, 2004

| Proposed Residential Rate Structure Comparison | | | | | | | | | |
|--|----------------------------------|-------------------------|------------------|-----------------------------------|--------------------|------------------|----------------------------------|--------------------|--------------------------|
| Customer Classification | Treatment Type (1) | Billing Unit of Measure | Current Rate (2) | Proposed Rate During Construction | Amount of Increase | Percent Increase | Proposed Rate After Construction | Amount of Increase | Total Amount of Increase |
| Residential | Collection-only | per month | \$14.22 | \$23.03 | \$8.81 | 61.95% | \$24.03 | \$1.00 | \$9.81 |
| | Treatment - Outside Provider (3) | per month | \$12.48 | \$13.32 | \$0.84 | 6.73% | \$13.32 | \$0.00 | \$0.84 |
| | Total Charge/Month | per month | \$26.70 | \$36.35 | \$9.65 | 36.14% | \$37.35 | \$1.00 | \$10.65 |
| Residential | Treatment - Midlands | per month | \$26.70 | \$37.90 | \$11.20 | 41.95% | \$38.95 | \$1.05 | \$12.25 |

| Proposed Commercial Rate Structure Comparison | | | | | | | | | |
|---|----------------------------------|-------------------------|------------------|-----------------------------------|--------------------|------------------|----------------------------------|--------------------|--------------------------|
| Customer Classification | Treatment Type (1) | Billing Unit of Measure | Current Rate (2) | Proposed Rate During Construction | Amount of Increase | Percent Increase | Proposed Rate After Construction | Amount of Increase | Total Amount of Increase |
| Commercial | Collection-only | SFE | \$14.22 | \$23.03 | \$8.81 | 61.95% | \$24.03 | \$1.00 | \$9.81 |
| | Treatment - Outside Provider (3) | SFE | \$12.48 | \$13.32 | \$0.84 | 6.73% | \$13.32 | \$0.00 | \$0.84 |
| | Total Charge/Month | per month | \$26.70 | \$36.35 | \$9.65 | 36.14% | \$37.35 | \$1.00 | \$10.65 |
| Commercial | Treatment - Midlands | SFE | \$26.70 | \$37.90 | \$11.20 | 41.95% | \$38.95 | \$1.05 | \$12.25 |

| Proposed Mobile Home Rate Structure Comparison | | | | | | | | | |
|--|----------------------------------|-------------------------|------------------|-----------------------------------|--------------------|------------------|----------------------------------|--------------------|--------------------------|
| Customer Classification | Treatment Type (1) | Billing Unit of Measure | Current Rate (2) | Proposed Rate During Construction | Amount of Increase | Percent Increase | Proposed Rate After Construction | Amount of Increase | Total Amount of Increase |
| Mobile Home | Collection-only | per month | \$10.81 | \$17.27 | \$6.46 | 59.76% | \$18.02 | \$0.75 | \$7.21 |
| | Treatment - Outside Provider (3) | per month | \$9.48 | \$13.32 | \$3.83 | 40.36% | \$13.32 | \$0.00 | \$3.83 |
| | Total Charge/Month | per month | \$20.30 | \$30.59 | \$10.29 | 50.69% | \$31.34 | \$0.75 | \$11.04 |
| Mobile Home | Treatment - Midlands | per month | \$20.30 | \$28.43 | \$8.13 | 40.05% | \$29.21 | \$0.78 | \$8.91 |

| Proposed Royal Hills Residential/Commercial Rate Structure Comparison (4) | | | | | | | | | |
|---|----------------------------------|-------------------------|------------------|-----------------------------------|--------------------|------------------|----------------------------------|--------------------|--------------------------|
| Customer Classification | Treatment Type (1) | Billing Unit of Measure | Current Rate (2) | Proposed Rate During Construction | Amount of Increase | Percent Increase | Proposed Rate After Construction | Amount of Increase | Total Amount of Increase |
| Residential and Commercial | Collection-only | SFE | \$14.22 | \$23.03 | \$8.81 | 61.95% | \$24.03 | \$1.00 | \$9.81 |
| | Treatment - Outside Provider (3) | SFE | \$16.71 | \$16.71 | \$0.00 | 0.00% | \$16.71 | \$0.00 | \$0.00 |
| | Total Charge/Month | per month | \$30.93 | \$39.74 | \$8.81 | 28.48% | \$40.74 | \$1.00 | \$9.81 |

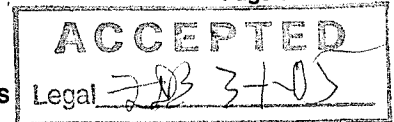
| Proposed Royal Hills Mobile Home Rate Structure Comparison (5) | | | | | | | | | |
|--|----------------------------------|-------------------------|------------------|-----------------------------------|--------------------|------------------|----------------------------------|--------------------|--------------------------|
| Customer Classification | Treatment Type (1) | Billing Unit of Measure | Current Rate (2) | Proposed Rate During Construction | Amount of Increase | Percent Increase | Proposed Rate After Construction | Amount of Increase | Total Amount of Increase |
| Mobile Home | Collection-only | SFE | \$10.81 | \$17.27 | \$6.46 | 59.76% | \$18.02 | \$0.75 | \$7.21 |
| | Treatment - Outside Provider (3) | SFE | \$16.71 | \$16.71 | \$0.00 | 0.00% | \$16.71 | \$0.00 | \$0.00 |
| | Total Charge/Month | per month | \$27.52 | \$33.98 | \$6.46 | 23.47% | \$34.73 | \$0.75 | \$7.21 |

| Proposed Other Rate Structure Comparison | | | | | | | | | |
|--|--------------------------------------|-------------------------|------------------|-----------------------------------|--------------------|------------------|----------------------------------|--------------------|--------------------------|
| Customer Classification | Treatment Type (1) | Billing Unit of Measure | Current Rate (2) | Proposed Rate During Construction | Amount of Increase | Percent Increase | Proposed Rate After Construction | Amount of Increase | Total Amount of Increase |
| Residential Commercial | Tap Fee | SFE | \$250.00 | \$500.00 | \$250.00 | 100.00% | \$500.00 | \$0.00 | \$250.00 |
| | Tap Fee | SFE | \$250.00 | \$500.00 | \$250.00 | 100.00% | \$500.00 | \$0.00 | \$250.00 |
| | Plant Expansion and Modification Fee | SFE | \$250.00 | \$2,000.00 | \$1,750.00 | 700.00% | \$2,000.00 | \$0.00 | \$1,750.00 |
| Commercial | Plant Expansion and Modification Fee | SFE | \$250.00 | \$2,000.00 | \$1,750.00 | 700.00% | \$2,000.00 | \$0.00 | \$1,750.00 |
| All Classifications | New Customer Set-Up | each | \$25.00 | \$25.00 | \$0.00 | 0.00% | \$25.00 | \$0.00 | \$0.00 |
| All Classifications | Disconnect Fee | each | \$4.00 | \$14.00 | \$10.00 | 250.00% | \$14.00 | \$0.00 | \$10.00 |

Calculation Methodology:

- (1) MUJI, under proposed rates, will have 3 treatment types: collection-only provided by MUJI; treatment by an outside provider; and collection/treatment by MUJI.
- (2) Treatment - Outside Provider Current Rate: ORS calculated this rate by subtracting the collection-only rate from the monthly service rate charged to these customers.
- (3) Average amount of monthly customer revenue "passed-through" MUJI systems to an outside treatment provider.
- (4) Revised Exhibit: Proposed Royal Hills Residential/Commercial Rate Structure Comparison added to exhibit to provide clarity. Current rate is reflective of Commission Order 2002-785.
- (5) Revised Exhibit: Proposed Royal Hills Mobile Home Rate Structure Comparison added to exhibit to provide clarity. Current rate is reflective of Commission Order 2002-785.

MIDLANDS UTILITY, INC.
EXPLANATION OF ACCOUNTING AND PROFORMA ADJUSTMENTS
FOR THE TEST YEAR ENDED JUNE 30, 2004



| Revenue & Expenses | Adj # | Description | \$ MUI | \$ ORS |
|---|-------|--|-----------|-----------|
| ACCOUNTING AND PRO FORMA ADJUSTMENTS | | | | |
| (A) Service Revenue | 1 | The ORS proposes to adjust revenues to reflect test year customer billings. (W/W) | 0 | (335,652) |
| (A) Other Revenue - Int. Inc. | 1A | ORS proposes to remove interest earned on CD from other income - interest. MUI does not propose an adjustment. (Au) | 0 | (306) |
| (A) Other Revenue - Tap Fees | 2 | ORS proposes to reclassify Tap Fees to Contributions in Aid of Construction (CIAC). MUI does not propose an adjustment. (Au) | 0 | (7,850) |
| | | | 0 | (343,808) |
| (B) O & M Expenses | 3 | MUI proposes to increase officer's salaries. ORS determined that no salary increases were given and therefore no adjustment was necessary. (Au) | 19,808 | 0 |
| | 4 | ORS proposes to reduce Repairs - Non-Plant Maintenance expenses for personal travel and miscellaneous expenses of Mr. Charles Parnell paid for by MUI. MUI proposes no adjustment. (Au) | 0 | (1,085) |
| | 5 | ORS proposes to reduce Repairs - Plant Maintenance for items determined to be capital expenditures. These items are included on Audit Exhibit A-2. ORS determined that MUI's proposed adjustment is due to rounding. (Au) | 228 | (16,692) |
| | 6 | ORS proposes no adjustment to the Chemical expense and determined that MUI's proposed adjustment is due to rounding. (Au) | (639) | 0 |
| | 7 | ORS proposes to reduce Auto/Truck/Other expense for personal charges to Mr. Charles Parnell's American Express card paid by MUI. (Au) | 0 | (825) |
| | 8 | ORS proposes to adjust vehicle expense to record MUI's proportionate share of insurance premiums paid by Bush River Utilities, Inc. ORS determined that MUI's proposal is due to an estimate. (Au) | 1,695 | 2,154 |
| | 9 | ORS proposes to allocate truck expenses to reflect 1/3 of the expense for MUI. These expenses were paid by DSI. (Au) | 0 | 370 |
| | 11 | ORS proposes no adjustment to Utilities expense and determined that MUI's proposal is an estimate. (Au) | (963) | 0 |
| | 12 | ORS proposes to allocate to MUI a portion of insurance costs paid by Bush River Utilities, Inc. for general liability and umbrella coverages on Commercial property. This allocation was based on single family equivalents between the three affiliated companies. (Au) | 0 | 638 |
| | 13 | ORS proposes to reduce vehicle insurance expense premiums by (\$2,079) for coverage on personal vehicles carried on the MUI policy and to allocate to Bush River Utilities, Inc. its proportionate share of the commercial vehicle coverage, (\$2,482) based on single family equivalents between MUI (69.09%) and BRUI (30.91%). (Au) | 0 | (4,561) |
| | 14 | ORS proposes to reduce General Liability and Umbrella Insurance by (\$1,674) and allocate this amount to BRUI (\$882), (24.20%) and DSI (\$792), (21.71%) based on single family equivalents between the three affiliated companies. MUI proposes to increase Insurance expense. ORS determined MUI's proposal to be an estimate (Au) | 8,705 | (1,674) |

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MIDLANDS UTILITY, INC.
EXPLANATION OF ACCOUNTING AND PROFORMA ADJUSTMENTS
FOR THE TEST YEAR ENDED JUNE 30, 2004

| Revenue & Expenses | Adj # | Description | \$ MUI | \$ ORS |
|---|-------|---|----------------|------------------|
| (B) O & M Expenses (continued) | | | | |
| | 15 | ORS proposes to remove treatment cost in the amount of \$265,021 as this is a pass through expense for collection only customers. MUI proposes to increase this expense. (Au) | 110,979 | (265,021) |
| | 16 | ORS proposes no adjustment to Service Contracts since there are no contracts between the companies, DSI, BRUI and MUI. MUI proposed an adjustment. (Au) | 27,120 | 0 |
| | 30 | ORS proposes to reclassify service charges from Ben Satcher (\$43) and P&S Const(\$8) from Interest Expense to O&M Expenses - truck expense and repairs. (Au) | 0 | 51 |
| | | | <u>166,933</u> | <u>(286,645)</u> |
| (C) G & A Expenses | | | | |
| | 17 | ORS proposes to annualize Salaries - Other. ORS determined that one employee received an increase during the test year. MUI proposed to increase salaries - other. (Au) | 3,450 | 4,556 |
| | 18 | ORS proposes to adjust Professional fees-Legal. Consulting, Attorney fees to remove those fees that were paid for during the test year but were billings for services outside the test year or were deemed to be non-allowable (Au) | 0 | (47,464) |
| | 19 | ORS proposes to reduce Other Operating Expenses - Travel for personal travel expenses unrelated to the company business. MUI proposed to increase Other Operating Expenses. (Au) | 1,612 | (272) |
| | 20 | ORS proposes to reduce Telephone and Office expense (\$181). This reduction included a \$50 contribution to Dunn's Chapel Church and a BRUI telephone bill in the amount of \$131 paid by MUI. MUI proposes an increase to this account. (Au) | 449 | (181) |
| | 21 | ORS proposes to remove DHEC fines as unallowable for rate making purposes. MUI proposes to increase DHEC fines. (Au) | 9,549 | (30,451) |
| | 22 | ORS proposes to reduce Administrative expenses by \$3,254. The ORS adjustment is based upon MUI's percentage of single family equivalents (69.09%) as compared to BRUI's percentage of (30.91%) times MUI's total average Administrative expenses for the last two (2) fiscal years, 6/30/03 and 6/30/04. (Au) | 0 | (3,254) |
| | 23 | MUI proposes to amortize its proportionate share of loan costs at \$1,500 per year for twenty (20) years. ORS proposes to capitalize loans costs. (Au) | 1,500 | 0 |
| | 24 | MUI proposes to amortize two and one-half months of loan costs. ORS proposes to capitalize loan costs and depreciate these costs over the useful life of the asset. This amount was included in Other Operating Expenses of the MUI books. (Au) | 680 | (680) |
| | 25 | ORS and MUI propose to amortize rate case expenses. ORS proposes to amortize \$27,736 over a five (5) year period. MUI's last two (2) previous rate cases were in 1991 and 1997 which resulted in an average of approximately seven (7) years between rate cases, however the ORS recommends a more reasonable time period of five (5) years to recover these expenses. MUI proposes \$20,000 in rate case expenses. (Au) | 20,000 | 5,547 |

MIDLANDS UTILITY, INC.
EXPLANATION OF ACCOUNTING AND PROFORMA ADJUSTMENTS
FOR THE TEST YEAR ENDED JUNE 30, 2004

| Revenue & Expenses | Adj # | Description | \$ MUI | \$ ORS |
|---|-------|--|---------------|-----------------|
| (C) G & A Expenses (continued) | | | | |
| Note: As corrected from the stand. | 26 | ORS proposes to allocate property taxes on corporate office to BRUI and DSI based upon single family equivalents. MUI does not propose an adjustment. (Au) | 0 | 0 |
| | 27 | ORS proposes to adjust payroll taxes associated with annualized wages. MUI does not propose an adjustment. (Au) | 0 | 1,992 |
| | 28 | ORS proposes to adjust License and Fees for non-allowable items consisting of an application fee for JEDA Bond (\$500) and an American Express annual membership fee for Mr. Charles Parnell (\$75). (Au) | 0 | (575) |
| | 35 | ORS proposes to remove the salary paid to Mary Parnell from G&A - Salaries - Other. Mrs. Parnell has no job duties with MUI. (Au) | 0 | (9,360) |
| | 38 | ORS proposes to adjust expenses for a 1.5% allowance for uncollectibles associated with the as adjusted revenues. (Au) | 0 | 8,751 |
| | | | <u>37,240</u> | <u>(71,391)</u> |
| (D) Dep & Amort Expenses | | | | |
| | 34 | ORS proposes to adjust depreciation expense for plant in service using ORS recommended depreciation rates. ORS reduced depreciation for expenses associated with Contributions In Aid of Construction. ORS also proposes to allocate certain plant in service to Development Service, Inc. and Bush River Utilities, Inc. MUI proposes to decrease depreciation which ORS determined to be an estimate. (W/W and Au) | (293) | 7,025 |
| | | | <u>(293)</u> | <u>7,025</u> |
| (E) Taxes Other Than Income | | | | |
| | 10 | ORS proposes to allocate truck property tax expense to reflect 1/3 of the expense for MUI. These expenses were paid by DSI. (Au) | 0 | 109 |
| | 32 | ORS proposes to allocate to BRUI and DSI their proportionate share of Lexington County property taxes paid by MUI on the corporate office building, 4 trucks and 2 trailers. (Au) | 0 | (1,503) |
| | 36 | ORS proposes to remove from Taxes Other Than Income the FICA and Medicare taxes associated with Mary Parnell's salary of (\$9,360 x 7.65%) \$716. (Au). | 0 | (716) |
| | 37 | ORS proposes to reflect the gross receipts taxes associated with the as adjusted revenues. (Au) | 0 | (1,826) |
| | | | <u>0</u> | <u>(3,936)</u> |
| (F) Interest Expense | | | | |
| | 29 | ORS proposes to reclassify service charges from Ben Satcher (\$43) and P&S Const(\$8) from Interest Expense to O&M Expense - Truck Expense and Repairs. (Au) | 0 | (51) |
| | 31 | ORS proposes to classify as unallowable interest expense from BB&T associated with Loan Costs since it was determined that all loan costs should be capitalized and depreciated over the useful life of the asset. (Au) | 0 | (885) |

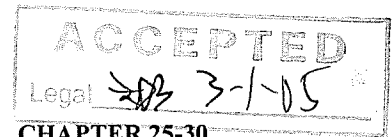
MIDLANDS UTILITY, INC.
EXPLANATION OF ACCOUNTING AND PROFORMA ADJUSTMENTS
FOR THE TEST YEAR ENDED JUNE 30, 2004

| Revenue & Expenses | Adj # | Description | \$ MUI | \$ ORS |
|--|-------|---|----------------|----------------|
| (F) Interest Expense (continued) | | | | |
| | 33 | ORS proposes to adjust Interest Expense to reflect the proper expense as of the end of the test year. This adjustment is based on Customer Deposits of \$58,600 multiplied by the Commission approved rate of 3.5% (\$58,600 times 3.5%) equals \$2,051 less the booked interest of \$1,813. MUI proposes an adjustment of \$32,756. (Au) | 32,756 | 238 |
| | | | <u>32,756</u> | <u>(698)</u> |
| ADJUSTMENTS FOR EFFECT OF PROPOSED INCREASE (PHASE I) | | | | |
| (G) Operating Revenues | | | | |
| | 40 | ORS and MUI propose to adjust revenues for the proposed increase. MUI's proposed revenue is on a net revenue basis of \$316,238. (W/W) | 316,238 | 323,809 |
| | | | <u>316,238</u> | <u>323,809</u> |
| (H) Operating & Maintenance | | | | |
| | | | <u>0</u> | <u>0</u> |
| (I) Adm & Gen Expenses | | | | |
| | 42 | ORS proposes to adjust expenses for a 1.5% allowance for uncollectibles associated with the Proposed Increase Service Revenues. (Au) | 0 | 4,857 |
| | | | <u>0</u> | <u>4,857</u> |
| (J) Taxes Other Than Income | | | | |
| | 41 | ORS proposes to reflect the gross receipts taxes associated with the Proposed Increase Revenues. (Au) | 0 | 2,504 |
| | | | <u>0</u> | <u>2,504</u> |
| (K) Income Taxes | | | | |
| | 39 | ORS proposes to adjust income taxes associated with the As Adjusted Revenue. (Au) | 0 | 2,598 |
| | 43 | ORS proposes to adjust income taxes associated with the Proposed Increase Revenue. (Au) | 28,452 | 119,394 |
| | | | <u>28,452</u> | <u>121,992</u> |
| (L) Depreciation Expense | | | | |
| | | | <u>0</u> | <u>0</u> |
| ADJUSTMENTS FOR AFTER CONSTRUCTION (PHASE II) | | | | |
| (M) Service Revenue | | | | |
| | 44 | Both ORS and MUI propose to adjust service revenues to reflect changes in revenues after construction. MUI's proposed revenues are on a net revenue basis. (W/W) | 35,150 | 35,200 |
| | | | <u>35,150</u> | <u>35,200</u> |

MIDLANDS UTILITY, INC.
EXPLANATION OF ACCOUNTING AND PROFORMA ADJUSTMENTS
FOR THE TEST YEAR ENDED JUNE 30, 2004

| Revenue & Expenses | Adj # | Description | \$ MUI | \$ ORS |
|--|-------|--|---------------|---------------|
| <u>ADJUSTMENTS FOR AFTER CONSTRUCTION (PHASE II) (continued)</u> | | | | |
| (N) O & M Expenses | 46 | ORS proposes to adjust O&M Expense - Chemical expenses to reflect the projected expense after construction. In the As Adjusted calculation ORS proposed no adjustment in the booked balance of \$10,639. Therefore the adjustment to get to the after construction expense is \$10,639 less \$5,000 (per application) equals an adjustment of (\$5,639). (Au) | (5,000) | (5,639) |
| | 48 | ORS proposes to adjust O&M expense - Utilities expense to reflect the change in amount from the As Adjusted balance to the After Construction amount as proposed by MUI. This is an adjustment from per books of \$40,963 to \$ 60,000 (per application). (Au) | 20,000 | 19,037 |
| | 49 | ORS proposes to adjust O&M expense - Insurance expense to reflect the change in amount from the As Adjusted balance to the After Construction amount as proposed by MUI. This is an adjustment from per books of As Adjusted of \$73,699 to \$98,000 as proposed in the application. (Au) | 10,000 | 24,301 |
| | | | <u>25,000</u> | <u>37,699</u> |
| (O) G & A Expenses | | | | |
| (P) Dep & Amort Expenses | 45 | ORS proposes to adjust depreciation expense for plant in service using ORS recommended depreciation rates including plant upgrades proposed in Phase II. ORS reduced depreciation for expenses associated with Contributions In Aid of Construction. ORS also proposes to allocate certain plant in service to Development Service, Inc. and Bush River Utilities, Inc. (W/W and Au) | 46,750 | 34,062 |
| | | | <u>46,750</u> | <u>34,062</u> |
| (Q) Taxes Other Than Income | 47 | ORS proposes to adjust Taxes Other Than Income to reflect an increase in property taxes and Gross Receipts tax. This adjustment is based upon MUI's estimated amount for Taxes in the After Construction phase. Gross Receipts taxes on the proposed increase would equal \$272. (Au) | 5,000 | 6,904 |
| (R) Interest | 50 | ORS proposes to adjust total interest expense to amount shown by MUI on its Application. This interest expense includes Interest on customer deposits and interest expense on new plant. ORS calculated interest on customer deposit of \$2,051. MUI's application for After Construction operation includes interest of \$40,485. Therefore, ORS adjusted interest for after construction by \$38,434 so as to reflect total interest per application of \$40,485. (Au) | 4,980 | 38,434 |
| (S) Income Taxes | 51 | ORS proposes to adjust income taxes associated with the After Construction Proposed Increase. (Au) | 6,238 | (34,439) |

Au - The Audit Department is primarily responsible for this adjustment.
W/W - The Water/Wastewater Department is primarily responsible for this adjustment.



RULES OF THE FLORIDA PUBLIC SERVICE COMMISSION

CHAPTER 25-30

SERVICE BY WATER AND WASTEWATER UTILITIES

PART I - GENERAL PROVISIONS

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25-30.010 Rules for General Application.

The rules hereinafter set forth are for general application and are subject to such changes and modifications, permitted by law, as the Commission from time to time may determine advisable. The rules are supplementary to the Water and Wastewater System Regulatory Law, Chapter 367, F.S.

Specific Authority 367.121 FS. Law Implemented 367.121 FS. History-Amended 2-3-70, 9-12-74, Formerly 25-10.01, 25-10.001, Amended 1-31-00.

25-30.011 Application and Scope.

(1) These rules and regulations shall, as appropriate, apply to all water systems and/or wastewater systems which are now, or may hereafter be, subject to the jurisdiction of the Florida Public Service Commission. They are intended to define and promote good utility practices, adequate and efficient service to the public at reasonable cost, and to establish the rights and responsibilities of both the utility and the customer.

(2) No deviation from these rules shall be permitted unless authorized in writing by the Commission.

(3) It is not intended that any rule or regulation contained herein shall supersede or conflict with an applicable regulation of the Department of Health and Rehabilitative Services (DHRS) or the Department of Environmental Protection (DEP). Compliance by a utility with the regulations of the DHRS or DEP on a particular subject matter shall constitute compliance with such of these rules as relate to the same subject matter except as otherwise ordered by the Commission.

(4) The adoption of these rules shall not in any way relieve any utility from any of its duties under the laws of this State.

Specific Authority 367.121 FS. Law Implemented 367.121(1) FS. History-Amended 9-12-74, Formerly 25-10.14, 25-10.014, Amended 11-10-86, 1-31-00.

25-30.020 Fees Required to be Paid by Water and Wastewater Utilities.

(1) When a utility files any application for a certificate of authorization pursuant to Sections 367.045, 367.071 and 367.171, F.S., or files any request for a rate change pursuant to Sections 367.081, 367.0814 and 367.0822, F.S., (except an index or pass-through), or files for authorization to collect or change service availability charges pursuant to Section 367.101, F.S., the utility shall remit a fee to the Commission's Director of the Commission Clerk and Administrative Services. A separate fee shall apply for water service and wastewater service. A separate fee shall also apply for each section listed above. For purposes of this rule, capacity is determined by combining the capacities of all systems included in the application. For purposes of this rule, an equivalent residential connection (ERC) is 350 gallons per day (gpd) for water service and 280 gallons per day (gpd) for wastewater service.

(2) The amount of the fee to be filed pursuant to subsection (1) of this rule shall be as follows:

(a) For an original certificate application filed pursuant to Section 367.045, F.S., the amount of the fee shall be as follows:

1. For utilities with the existing or proposed capacity to serve up to 500 ERCs, \$750;
2. For utilities with the existing or proposed capacity to serve from 501 to 2,000 ERCs, \$1,500;
3. For utilities with the existing or proposed capacity to serve from 2,001 to 4,000 ERCs, \$2,250;
4. For utilities with the existing or proposed capacity to serve more than 4,000 ERCs, \$3,000.

(b) For an application for extension or deletion of territory filed pursuant to Section 367.045, F.S., the amount of the fee shall be as follows:

1. For applications in which the area to be extended or deleted has the proposed capacity to serve up to 100 ERCs, \$100;

2. For applications in which the area to be extended or deleted has the proposed capacity to serve from 101 to 200 ERCs, \$200;

3. For applications in which the area to be extended or deleted has the proposed capacity to serve from 201 to 500 ERCs, \$500;

4. For applications in which the area to be extended or deleted has the proposed capacity to serve from 501 to 2,000 ERCs, \$1,000;

5. For applications in which the area to be extended or deleted has the proposed capacity to serve from 2,001 to 4,000 ERCs, \$1,750;

6. For applications in which the area to be extended or deleted has the proposed capacity to serve more than 4,000 ERCs, \$2,250.

(c) For an application for transfer or change in majority organizational control filed pursuant to Section 367.071, F.S., the amount of the fee shall be as follows:

1. For applications in which the utility to be transferred has the capacity to serve up to 500 ERCs, \$750;

2. For applications in which the utility to be transferred has the capacity to serve from 501 to 2,000 ERCs, \$1500;

3. For applications in which the utility to be transferred has the capacity to serve from 2,001 to 4,000 ERCs, \$2,250;

4. For applications in which the utility to be transferred has the capacity to serve more than 4,000 ERCs, \$3,000.

(d) For an application for a grandfather certificate filed pursuant to Section 367.171, F.S., the amount of the fee shall be as follows:

1. For applications in which the utility has the capacity to serve up to 100 ERCs, \$100;

2. For applications in which the utility has the capacity to serve from 101 to 200 ERCs, \$200;

3. For applications in which the utility has the capacity to serve from 201 to 500 ERCs, \$500;

4. For applications in which the utility has the capacity to serve from 501 to 2,000 ERCs, \$1,000;

5. For applications in which the utility has the capacity to serve from 2,001 to 4,000 ERCs, \$1,750;

6. For applications in which the utility has the capacity to serve more than 4,000 ERCs, \$2,250.

(e) For file and suspend rate cases filed pursuant to Section 367.081, F.S., the amount of the fee shall be as follows:

1. For utilities with the existing capacity to serve up to 500 ERCs, \$1,000;

2. For utilities with the existing capacity to serve from 501 to 2,000 ERCs, \$2,000;

3. For utilities with the existing capacity to serve from 2,001 to 4,000 ERCs, \$3,500;

4. For utilities with the existing capacity to serve more than 4,000 ERCs, \$4,500.

(f) For staff-assisted rate cases filed pursuant to Section 367.0814, F.S., the amount of the fee shall be as follows:

1. For utilities with the existing capacity to serve up to 100 ERCs, \$200;

2. For utilities with the existing capacity to serve from 101 to 200 ERCs, \$500;

3. For utilities with the existing capacity to serve more than 200 ERCs, \$1,000.

(g) For an application for a limited proceeding pursuant to Section 367.0822, F.S., the amount of the fee shall be as follows:

1. For utilities with the existing capacity to serve up to 100 ERCs, \$100;
2. For utilities with the existing capacity to serve from 101 to 200 ERCs, \$200;
3. For utilities with the existing capacity to serve from 201 to 500 ERCs, \$500;
4. For utilities with the existing capacity to serve from 501 to 2,000 ERCs, \$1,000;
5. For utilities with the existing capacity to serve from 2,001 to 4,000 ERCs, \$1,750;
6. For utilities with the existing capacity to serve more than 4,000 ERCs, \$2,250.

(h) For an application for approval of charges or conditions for service availability filed pursuant to Section 367.101, F.S., the amount of the fee shall be as follows:

1. For utilities with existing and proposed capacity to serve up to 100 ERCs, \$100;
2. For utilities with existing and proposed capacity to serve from 101 to 200 ERCs, \$200;
3. For utilities with existing and proposed capacity to serve from 201 to 500 ERCs, \$500;
4. For utilities with existing and proposed capacity to serve from 501 to 2,000 ERCs, \$1,000;
5. For utilities with existing and proposed capacity to serve from 2,001 to 4,000 ERCs, \$1,750;
6. For utilities with existing and proposed capacity to serve more than 4,000 ERCs, \$2,250.

Specific Authority 350.127(2), 367.121(1) FS. Law Implemented 367.045(1)(d), (2)(e), 367.071(3), 367.081(5), 367.0814(2), 367.0822(2), 367.101(2), 367.145, 367.171(2)(b) FS. History-New 10-29-80, Formerly 25-10.11, 25-10.011, Amended 11-10-86, 11-30-93.

25-30.025 Official Date of Filing.

(1) The "official date of filing" is the date on which the Director of the Division of Economic Regulation determines the utility has filed completed sets of the minimum filing requirements (MFRs), including testimony that may be required by subsection 25-30.436(2), F.A.C., and payment of the appropriate filing fee to the Director of the Commission Clerk and Administrative Services.

(2) The Director of the Division of Economic Regulation shall determine the official date of filing for any utility's application and advise the applicant. The Commission shall resolve any dispute regarding the official date of filing.

Specific Authority 367.121(1) FS. Law Implemented 367.083 FS. History-New 3-26-81, Formerly 25-10.12, 25-10.012, Amended 11-10-86, 11-30-93.

25-30.030 Notice of Application.

(1) When a utility applies for a certificate of authorization, an extension or deletion of its service area, or a sale, assignment or transfer of its certificate of authorization, facilities or any portion thereof or majority organizational control, it shall provide notice of its application in the manner and to the entities described in this section.

(2) Before providing notice in accordance with this section, a utility shall obtain from the Commission a list of the names and addresses of the municipalities, the county or counties, the regional planning council, the Office of Public Counsel, the Commission's Director of the Commission Clerk and Administrative Services, the appropriate regional office of the Department of Environmental Protection, the appropriate water management district, and privately-owned water and wastewater utilities that hold a certificate granted by the Public Service Commission and that are located within the county in which the utility or the territory proposed to be served is located. In addition, if any portion of the proposed territory is within

one mile of a county boundary, the utility shall obtain from the Commission a list of the names and addresses of the privately-owned utilities located in the bordering counties and holding a certificate granted by the Commission. The utility's request for the list shall include a complete legal description of the territory to be requested in the application that includes:

- (a) A reference to township(s), range(s), land section(s) and county; and
- (b) A complete and accurate description of the territory served or proposed to be served in one of the following formats. The description may reference interstates, state roads, and major bodies of water. The description shall not rely on references to government lots, local streets, recorded plats or lots, tracts, or other recorded instruments.

1. Sections: If the territory includes complete sections, the description shall only include the township, range, and section reference. If the territory includes partial sections, the description shall either identify the subsections included or excluded.

2. Metes and bounds: A point of beginning which is referenced from either a section corner or a subsection corner, such as a quarter corner. The perimeter shall be described by traversing the proposed territory and closing at the point of beginning. The description shall include all bearings and distances necessary to provide a continuous description.

- (3) The notice shall be appropriately styled:

- (a) Notice of Application for an Initial Certificate of Authorization for Water, Wastewater, or Water and Wastewater Certificate;

- (b) Notice of Application for an Extension of Service Area;

- (c) Notice of Application for Deletion of Service Area;

- (d) Notice of Application for a Transfer of Water, Wastewater, or Water and Wastewater Certificate(s); or

- (e) Notice of Application for a Transfer of Majority Organizational Control.

- (4) The notice shall include the following:

- (a) The date the notice is given;

- (b) The name and address of the applicant;

- (c) A description, using township, range and section references, of the territory proposed to be either served, added, deleted, or transferred; and

- (d) A statement that any objections to the application must be filed with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, no later than 30 days after the last date that the notice was mailed or published, whichever is later.

(5) Within 7 days of filing its application, the utility shall provide a copy of the notice by regular mail to:

- (a) The governing body of the county in which the utility system or the territory proposed to be served is located;

- (b) The governing body of any municipality contained on the list obtained pursuant to subsection (2) above;

- (c) The regional planning council designated by the Clean Water Act, 33 U.S.C. 1288(2);

- (d) All water or wastewater utilities contained on the list(s) obtained pursuant to subsection (2) above;

- (e) The office of Public Counsel;

- (f) The Commission's Director of the Commission Clerk and Administrative Services;

- (g) The appropriate regional office of the Department of Environmental Protection; and

- (h) The appropriate Water Management District.

(6) No sooner than 21 days before the application is filed and no later than 7 days after the application is filed, the utility shall also provide a copy of the Notice, by regular mail or personal service, to each customer, of the system to be certificated, transferred, acquired, or deleted.

(7) The Notice shall be published once in a newspaper of general circulation in the territory proposed to be served, added, deleted, or transferred. The publication shall be within 7 days of filing the application.

(8) A copy of the notice(s) and list of the entities receiving notice pursuant to this rule shall accompany the affidavit required by Sections 367.045(1)(e) and (2)(f), F.S. The affidavit shall be filed no later than 15 days after filing the application.

(9) This rule does not apply to applications for grandfather certificates filed under Section 367.171, F.S., or to applications for transfers to governmental authorities filed under Section 367.071, F.S., or to name changes.

Specific Authority 350.127(2), 367.121(1) FS. Law Implemented 367.031, 367.045, 367.071 FS. History-New 4-5-81, Formerly 25-10.061, 25-10.0061, Amended 11-10-86, 1-27-91, 11-30-93.

25-30.031 Written Objection.

(1) A written objection to a Notice of Application is timely if it is filed within 30 days after the last day that the Notice is mailed or published by the applicant, whichever is later.

(2) A written objection must state the grounds for the objection with particularity.

Specific Authority 350.127(2), 367.121(1) FS. Law Implemented 367.045 FS. History-New 11-10-86, Amended 1-27-91.

25-30.032 Applications.

(1) Each utility subject to regulation by the Commission shall apply for an initial certificate of authorization, amendment to an existing certificate of authorization, transfer, or name change by filing a completed application and 12 copies, in accordance with either Rule 25-30.033, 25-30.034, 25-30.035, 25-30.036, subsection 25-30.037(1) or (2), or Rule 25-30.039, F.A.C. However, a utility shall apply for a transfer to a governmental authority by filing a completed application and two copies, in accordance with subsection 25-30.037 (3) and (4), F.A.C. The application shall be filed with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870. Sample application forms may be obtained from the Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(2) A utility may file combined applications if it is applying for certificates of authorization or any amendments thereto for both water and wastewater systems; however, the utility shall remit a separate application fee for each service. The Commission will treat a combined application as if a separate application had been filed for each service.

(3) The official filing date of an application for an original certificate, any amendment to an existing certificate, or any transfer shall be the date a completed application is filed with the Division of the Commission Clerk and Administrative Services, except that the noticing requirements set forth in Rule 25-30.030, F.A.C., do not need to be completed at that time. If, however, the utility has not completed the noticing within the time limits prescribed by Rule 25-30.030, F.A.C., the official filing date shall be the date the noticing is complete.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.031, 367.045, 367.071, 367.083 FS. History-New 1-27-91, Amended 11-30-93.

25-30.033 Application for Original Certificate of Authorization and Initial Rates and Charges.

(1) Each application for an original certificate of authorization and initial rates and charges shall provide the following information:

- (a) The applicant's name and address;
- (b) The nature of the applicant's business organization, i.e., corporation, partnership, limited partnership, sole proprietorship, association, etc.;
- (c) The name(s) and address(es) of all corporate officers, directors, partners, or any other person(s) or entities owning an interest in the applicant's business organization;
- (d) Whether the applicant has made an election under Internal Revenue Code § 1362 to be an S corporation;
- (e) A statement showing the financial and technical ability of the applicant to provide service, and the need for service in the proposed area. The statement shall identify any other utilities within the area proposed to be served that could potentially provide service, and the steps the applicant took to ascertain whether such other service is available;
- (f) A statement that to the best of the applicant's knowledge, the provision of service will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs at the time the application is filed, or, if not consistent, a statement demonstrating why granting the certificate of authorization would be in the public interest;
- (g) The date applicant plans to begin serving customers;
- (h) The number of equivalent residential connections (ERCs) proposed to be served, by meter size and customer class. If development will be in phases, separate this information by phase;
- (i) A description of the types of customers anticipated, i.e., single family homes, mobile homes, duplexes, golf course clubhouse, commercial, etc.;
- (j) Evidence, in the form of a warranty deed, that the utility owns the land upon which the utility treatment facilities are or will be located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative. The applicant may submit a contract for the purchase and sale of land with an unexecuted copy of the warranty deed, provided the applicant files an executed and recorded copy of the deed, or executed copy of the lease, within 30 days after the order granting the certificate;
- (k) One original and two copies of a sample tariff, containing all rates, classifications, charges, rules, and regulations, which shall be consistent with Chapter 25-9, F.A.C. Model tariffs are available from the Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850;
- (l) A description of the territory to be served, using township, range and section references as specified in subsection 25-30.030(2), F.A.C.;
- (m) One copy of a detailed system map showing the proposed lines, treatment facilities and the territory proposed to be served. The map shall be of sufficient scale and detail to enable correlation with the description of the territory proposed to be served;
- (n) One copy of the official county tax assessment map, or other map showing township, range, and section with a scale such as 1"=200' or 1"=400', with the proposed territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning;

(o) A statement regarding the separate capacities of the proposed lines and treatment facilities in terms of ERCs and gallons per day. If development will be in phases, separate this information by phase;

(p) A written description of the type of water treatment, wastewater treatment, and method of effluent disposal;

(q) If (p) above does not include effluent disposal by means of reuse, a statement that describes with particularity the reasons for not using reuse;

(r) A detailed financial statement (balance sheet and income statement), certified if available, of the financial condition of the applicant, that shows all assets and liabilities of every kind and character. The income statement shall be for the preceding calendar or fiscal year. If an applicant has not operated for a full year, then the income statement shall be for the lesser period. The financial statement shall be prepared in accordance with Rule 25-30.115, F.A.C. If available, a statement of the source and application of funds shall also be provided;

(s) A list of all entities, including affiliates, upon which the applicant is relying to provide funding to the utility, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility;

(t) A cost study including customer growth projections supporting the proposed rates, charges and service availability charges. A sample cost study, and assistance in preparing initial rates and charges, are available from the Division of Economic Regulation;

(u) A schedule showing the projected cost of the proposed system(s) by uniform system of accounts (USOA) account numbers pursuant to Rule 25-30.115, F.A.C. and the related capacity of each system in ERCs and gallons per day. If the utility will be built in phases, this shall apply to the first phase;

(v) A schedule showing the projected operating expenses of the proposed system by USOA account numbers, when 80 percent of the designed capacity of the system is being utilized. If the utility will be built in phases, this shall apply to the first phase; and

(w) A schedule showing the projected capital structure including the methods of financing the construction and operation of the utility until the utility reaches 80 percent of the design capacity of the system.

(2) The base facility and usage rate structure (as defined in subsection 25-30.437(6), F.A.C.) shall be utilized for metered service, unless an alternative rate structure is supported by the applicant and authorized by the Commission.

(3) A return on common equity shall be established using the current equity leverage formula established by order of this Commission pursuant to Section 367.081(4), F.S., unless there is competent substantial evidence supporting the use of a different return on common equity.

(4) Utilities obtaining initial certificates pursuant to this rule are authorized to accrue allowance for funds used during construction (AFUDC) for projects found eligible pursuant to subsection 25-30.116(1), F.A.C.

(a) The applicable AFUDC rate shall be determined as the utility's projected weighted cost of capital as demonstrated in its application for original certificate and initial rates and charges.

(b) A discounted monthly AFUDC rate calculated in accordance with subsection 25-30.116(3), F.A.C., shall be used to insure that the annual AFUDC charged does not exceed authorized levels.

(c) The date the utility shall begin to charge the AFUDC rate shall be the date the certificate of authorization is issued to the utility so that such rate can apply to the initial construction of the utility facilities.

Specific Authority 350.127(2), 367.045(1), 367.121, 367.1213 FS. Law Implemented 367.031, 367.045, 367.1213 FS. History-New 1-27-91, Amended 11-30-93.

25-30.034 Application for Certificate of Authorization for Existing Utility Currently Charging for Service.

(1) Each existing utility currently charging for service, which is applying for an initial certificate of authorization, other than under Section 367.171, F.S., shall provide the following information:

- (a) The utility's complete name and address;
- (b) The nature of the utility's business organization, i.e., corporation, partnership, limited partnership, sole proprietorship, association, etc.;
- (c) The name(s) and address(es) of all corporate officers, directors, partners, or any other person(s) owning an interest in the utility;
- (d) A statement regarding the financial and technical ability of the applicant to continue to provide service;
- (e) Evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative;
- (f) One original and two copies of a model tariff, containing all rates, classifications, charges, rules, and regulations, which shall be consistent with Chapter 25-9, F.A.C. Model tariffs are available from the Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850;
- (g) A statement specifying on what date and under what authority the current rates and charges were established;
- (h) A description of the territory to be served, using township, range and section references as specified in Rule 25-30.030(2), F.A.C.;
- (i) One copy of a detailed system map showing the lines, treatment facilities and the territory to be served. Any territory not served at the time of the application shall be specifically identified on the system map. The map shall be of sufficient scale and detail to enable correlation with the description of the territory to be served;
- (j) One copy of the official county tax assessment map, or other map showing township, range, and section with a scale such as 1"=200' or 1"=400', with the proposed territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning;
- (k) The numbers and dates of any permits issued for the systems by the Department of Environmental Protection;
- (l) The date the utility was established;
- (m) A statement explaining how and why applicant began providing service prior to obtaining a certificate of authorization; and

(n) A schedule showing the number of customers currently served, by class and meter size, as well as the number of customers projected to be served when the requested service territory is fully occupied.

(2) If the applicant is requesting any territory not served at the time of application, provide the following:

(a) A statement showing the need for service in the proposed area; and

(b) A statement that to the best of the applicant's knowledge, the provision of service in this territory will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs at the time the application is filed, or, if not consistent, a statement demonstrating why granting the territory would be in the public interest.

Specific Authority 350.127(2), 367.121, 367.1213 FS. Law Implemented 367.045, 367.1213 FS. History-New 1-27-91, Amended 11-30-93.

25-30.035 Application for Grandfather Certificate.

Each applicant for a certificate of authorization under the provisions of Section 367.171, F.S., shall provide the following information.

(1) The utility's complete name and address;

(2) The nature of the utility's business organization, i.e., corporation, partnership, limited partnership, sole proprietorship, association, etc.;

(3) The name(s) and address(es) of all corporate officers, directors, partners, or any other person(s) owning an interest in the utility;

(4) The date the utility was established;

(5) A description of the types of customers served, i.e., single family homes, mobile homes, duplexes, golf course clubhouse, commercial, etc.;

(6) Evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative;

(7) One original and two copies of a tariff, containing all rates, classifications, charges, rules, and regulations, which shall be consistent with Chapter 25-9, F.A.C. Sample tariffs are available from the Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850;

(8) A statement specifying on what date and under what authority the current rates and charges were established;

(9) A description, using township, range, and section references as specified in subsection 25-30.030(2), F.A.C., of the territory the utility was serving, or was authorized to serve by the county which had jurisdiction over the utility on the day Chapter 367, F.S., became applicable to the utility;

(10) One copy of a detailed system map showing the lines, treatment facilities and the territory to be served. Any territory not served at the time of the application shall be specifically identified, and the map shall be of sufficient scale and detail to enable correlation with the description of the territory to be served;

(11) One copy of the official county tax assessment map, or other map showing township, range, and section, with a scale such as 1"=200' or 1"=400', with the proposed territory plotted

thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning;

(12) The numbers and dates of any permits issued for the systems by the Department of Environmental Protection; and

(13) A schedule showing the number of customers currently served, by class and meter size, as well as the number of customers projected to be served when the requested service territory is fully occupied.

Specific Authority 350.127 (2), 367.121, 367.1213 FS. Law Implemented 367.1213, 367.171 FS. History-Amended 7-21-65, 1-7-69, 2-3-70, 3-6-71, Revised 9-12-74, Amended 3-26-81, Formerly 25-10.02, 25-10.002, Amended 11-10-86, 1-27-91, 11-30-93.

25-30.036 Application for Amendment to Certificate of Authorization to Extend or Delete Service.

(1) This rule applies to any certificated water or wastewater utility that proposes to extend its service territory into an area in which there is no existing water or wastewater system or proposes to delete a portion of its service territory.

(2) A request for service territory expansion and amendment of an existing certificate or issuance of a new certificate shall be considered approved under the following conditions if no protest is timely filed to the notice of application:

(a) The utility has provided a written statement of an officer of the utility that the proposed new territory includes a maximum of 25 equivalent residential connections within such territory at the time the territory is at buildout; and

(b) The utility has provided the written statement of an officer of the utility that, upon investigation, to the best of his or her knowledge.

1. There is no other utility in the area of the proposed territory that is willing and capable of providing reasonably adequate service to the new territory; and

2. The person(s) or business(es) requesting water or wastewater service have demonstrated to the utility that service is necessary because (1) a private well has been contaminated or gone dry, (2) a septic tank has failed; or (3) service is otherwise not available.

(c) The utility has filed a completed application in accordance with subsection (2) of this rule within 45 days of the completion of the notice requirements.

(3) Each utility proposing to extend its service area (except applications filed pursuant to subsection (2) above, which shall file only (a), (d), (e), (i), (m), (o), (p), (q), and (r) listed below) shall provide the following:

(a) The utility's complete name and address;

(b) A statement showing the financial and technical ability of the utility to provide service and the need for service in the area requested;

(c) A statement that to the best of the applicant's knowledge the provision of service will be consistent with the water and wastewater sections of the local comprehensive plan at the time the application is filed, as approved by the Department of Community Affairs, or, if not, a statement demonstrating why granting the amendment would be in the public interest;

(d) Evidence that the utility owns the land upon which the utility treatment facilities that will serve the proposed territory are located or a copy of an agreement, such as a 99-year lease, which provides for the continued use of the land. The Commission may consider a written easement or other cost-effective alternative;

(e) A description of the territory proposed to be served, using township, range and section references as specified in subsection 25-30.030(2), F.A.C.;

(f) One copy of a detailed system map showing the proposed lines, treatment facilities, and the territory proposed to be served. The map shall be of sufficient scale and detail to enable correlation with the description of the territory;

(g) If the utility is planning to build a new wastewater treatment plant, or upgrade an existing plant to serve the proposed territory, provide a written description of the proposed method(s) of effluent disposal;

(h) If (g) above does not include effluent disposal by means of reuse, a statement that describes with particularity the reasons for not using reuse;

(i) One copy of the official county tax assessment map or other map showing township, range, and section, with a scale such as 1"=200' or 1"=400', with the proposed territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning;

(j) A statement describing the capacity of the existing lines, the capacity of the treatment facilities, and the design capacity of the proposed extension;

(k) The numbers and dates of any permits issued for the proposed systems by the Department of Environmental Protection;

(l) A detailed statement regarding the proposed method of financing the construction, and the projected impact on the utility's capital structure;

(m) A description of the types of customers anticipated to be served by the extension, i.e., single family homes, mobile homes, duplexes, golf course clubhouse, commercial, etc.;

(n) A statement regarding the projected impact of the extension on the utility's monthly rates and service availability charges;

(o) The original and two copies of sample tariff sheets reflecting the additional service area; and

(p) The applicant's current certificate for possible amendment.

(q) The number of the most recent order of the Commission establishing or changing the applicant's rates and charges.

(r) An affidavit that the utility has tariffs and annual reports on file with the Commission.

(4) Each utility proposing to delete a portion of its service area shall submit the following:

(a) The utility's complete name and address;

(b) A description of the territory proposed to be deleted, using township, range and section references;

(c) One copy of a detailed system map showing the existing lines, treatment facilities, and territory served. The map shall be of sufficient scale and detail to enable correlation with the legal description of the territory;

(d) The number of current active connections within the territory to be deleted;

(e) One copy of the official county tax assessment map, or other map, showing township, range, and section with a scale such as 1"=200' or 1"=400', with the territory proposed to be deleted plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning;

(f) A statement specifying the reasons for the proposed deletion of territory;

(g) A statement indicating why the proposed deletion of territory is in the public interest;

(h) A statement as to the effect of the proposed deletion on the ability of any customer or potential customer to receive water and wastewater service, including alternative source(s) of service;

(i) The original and two copies of sample tariff sheets reflecting the revised service area;

(j) The applicant's current certificate for possible amendment;

(k) The number of the most recent order of the Commission establishing or changing the applicant's rates and charges; and

(l) An affidavit that the utility has tariffs and annual reports on file with the Commission.
Specific Authority 350.127(2), 367.045, 367.121, 367.1213 FS. Law Implemented 367.045, 367.1213 FS. History New 1-27-91, Amended 11-30-93.

25-30.037 Application for Authority to Transfer.

(1) This rule applies to any application for the transfer of an existing water or wastewater system, regardless of whether service is currently being provided. This rule does not apply where the transfer is of an exempt or non-jurisdictional system and will result in the system continuing to be exempt from or not subject to Commission jurisdiction. The application for transfer may result in the transfer of the seller's existing certificate, amendment of the buyer's certificate or granting an initial certificate to the buyer.

(2) Each application for transfer of certificate of authorization, facilities or any portion thereof, to a non-governmental entity shall include the following information:

(a) The complete name and address of the seller;

(b) The complete name and address of the buyer;

(c) The nature of the buyer's business organization, i.e., corporation, partnership, limited partnership, sole proprietorship, or association;

(d) The name(s) and address(es) of all of the buyer's corporate officers, directors, partners or any other person(s) who will own an interest in the utility;

(e) The date and state of incorporation or organization of the buyer;

(f) The names and locations of any other water or wastewater utilities owned by the buyer;

(g) A copy of the contract for sale and all auxiliary or supplemental agreements, which shall include, if applicable:

1. Purchase price and terms of payment;

2. A list of and the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of non-regulated operations or entities; and

3. A description of all consideration between the parties, for example, promised salaries, retainer fees, stock, stock options, assumption of obligations.

(h) The contract for sale shall also provide for the disposition, where applicable, of the following:

1. Customer deposits and interest thereon;

2. Any guaranteed revenue contracts;

3. Developer agreements;

4. Customer advances;

5. Debt of the utility;

6. Leases;

(i) A statement describing the financing of the purchase;

(j) A statement indicating how the transfer is in the public interest, including a summary of the buyer's experience in water or wastewater utility operations, a showing of the buyer's financial ability to provide service, and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters;

(k) A list of all entities upon which the applicant is relying to provide funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility;

(l) The proposed net book value of the system as of the date of the proposed transfer. If rate base has been established by this Commission, state the order number and date issued and identify all adjustments made to update this rate base to the date of transfer;

(m) A statement setting out the reasons for the inclusion of an acquisition adjustment, if one is requested;

(n) If the books and records of the seller are not available for inspection by the Commission or are not adequate for purposes of establishing the net book value of the system, a statement by the buyer that a good faith, extensive effort has been made to obtain such books and records for inspection by the Commission and detailing the steps taken to obtain the books and records;

(o) A statement from the buyer that it has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established, or rate base was last established by the Commission or, if the tax returns have not been obtained, a statement from the buyer detailing the steps taken to obtain the returns;

(p) A statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection (DEP) or, if the system is in need of repair or improvement, has any outstanding Notice of Violation of any standard set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a list of the improvements and repairs needed and the approximate cost to make them, a list of the action taken by the utility with regard to the violation, a copy of the Notice of Violation(s), a copy of the consent order and a list of the improvements and repairs consented to and the approximate cost to make them;

(q) Evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative;

(r) A statement regarding the disposition of any outstanding regulatory assessment fees, fines, or refunds owed;

(s) The original and two copies of sample tariff sheets reflecting the change in ownership; and

(t) The utility's current certificate(s), or if not available, provide an explanation of the steps the applicant took to obtain the certificate(s).

(3) In case of a change in majority organizational control, the application shall include the following information:

(a) The complete name and address of the seller;

(b) The complete name and address of the buyer;

(c) The name(s) and address(es) of all of the buyer's corporate officers, directors, partners and any other person(s) who will own an interest in the utility;

(d) The names and locations of any other water or wastewater utilities owned by the buyer;

(e) A statement describing the financing of the purchase;

(f) A statement describing how the transfer is in the public interest, including a summary of the buyer's experience in water or wastewater utility operations, a showing of the buyer's financial ability to provide service, and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters;

(g) A list of all entities, including affiliates, that have provided, or will provide, funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility;

(h) A statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the DEP or, if the system is in need of repair or improvement, has any outstanding Notice of Violation(s) of any standard(s) set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a list of the improvements and repairs needed and the approximate cost to make them, a list of the action taken by the utility with regard to the violations, a copy of the Notice of Violation(s), a copy of the consent order and a list of the improvements and repairs consented to and the approximate cost;

(i) Evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost effective alternative;

(j) The original and two copies of sample tariff sheets reflecting the change in ownership; and

(k) The utility's current certificate(s), or if not available, the applicant shall provide an explanation of the steps the applicant took to obtain the certificate(s).

(4) Each application for transfer of certificate of authorization, facilities, or any portion thereof, or majority organizational control to a governmental authority shall contain the following information:

(a) The name and address of the utility and its authorized representative;

(b) The name of the governmental authority and the name and address of its authorized representative;

(c) A copy of the contract or other document transferring the utility system to the governmental authority;

(d) A list of any utility assets not transferred to the governmental authority if such remaining assets constitute a system providing or proposing to provide water or wastewater service to the public for compensation;

(e) A statement that the governmental authority obtained, from the utility or Commission, the most recent available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction;

(f) The date on which the governmental authority proposes to take official action to acquire the utility;

(g) A statement describing the disposition of customer deposits and interest thereon; and

(h) A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.

(5) If a utility is transferring a portion of its facilities to a governmental agency, it must provide the following additional information:

(a) A description of the remaining territory using township, range, and section references;

(b) One copy of the official county tax assessment map, or other map, showing township, range, and section with a scale such as 1"=200' or 1"=400', with the remaining territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning; and

(c) The original and two copies of sample tariff sheets reflecting the remaining territory.

(6) Upon its receipt of items required in paragraphs (4)(a), (b), (c), (d), (e) and (f), the Commission will issue an order acknowledging that the facilities or any portion thereof have been acquired by the governmental authority.

(7) Upon receipt of the items required in paragraphs (4)(g) and (h) and, if applicable, paragraphs (5)(a), (b), and (c), and upon the completion of all pending proceedings before the Commission, the utility's certificate will be amended or cancelled. Amendment or cancellation of the certificate shall not affect the utility's obligation pursuant to Rule 25-30.120, F.A.C., Regulatory Assessment Fees.

Specific Authority 367.121, 367.1213, 350.127(2) FS. Law Implemented 367.071, 367.1213 FS. History-New 1-27-91, Amended 11-30-93.

25-30.0371 Acquisition Adjustments.

(1) Definition. For the purpose of this rule, an acquisition adjustment is defined as the difference between the purchase price of utility system assets to an acquiring utility and the net book value of the utility assets. A positive acquisition adjustment exists when the purchase price is greater than the net book value. A negative acquisition adjustment exists when the purchase price is less than the net book value.

(2) Positive Acquisition Adjustments. A positive acquisition adjustment shall not be included in rate base absent proof of extraordinary circumstances. Any entity that believes a full or partial positive acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances. In determining whether extraordinary circumstances have been demonstrated, the Commission shall consider evidence provided to the Commission such as anticipated improvements in quality of service, anticipated improvements in compliance with regulatory mandates, anticipated rate reductions or rate stability over a long-term period, and anticipated cost efficiencies.

(3) Negative Acquisition Adjustments. A negative acquisition adjustment shall not be included in rate base unless there is proof of extraordinary circumstances or where the purchase price is less than 80 percent of net book value. If the purchase price is less than 80 percent of net book value then the inclusion of a negative acquisition adjustment shall be calculated pursuant to paragraph (b) below.

(a) Contested. Any entity that believes a full or partial negative acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances. Under no circumstance, however, shall the purchaser be required to record on its books more than 70 percent of a negative acquisition adjustment. In determining whether extraordinary circumstances have been demonstrated, the Commission shall consider evidence provided to the

Commission such as the anticipated retirement of the acquired assets and the condition of the assets acquired.

(b) Uncontested. If the purchase price is less than 80 percent of net book value, then the amount of the difference in excess of 20 percent of net book value shall be recognized for ratemaking purposes as a negative acquisition adjustment. The negative acquisition adjustment shall not be recorded on the books for ratemaking purposes or used for any earnings review unless the purchaser files for a rate increase pursuant to Section 367.081(2), 367.0814, 367.0817 or 367.0822, F.S., that will be effective during the amortization period. The negative acquisition adjustment shall be amortized over a 5-year period from the date of issuance of the order approving the transfer of assets.

(4) Amortization Period. In setting the amortization period for a Commission approved acquisition adjustment pursuant to (2) or (3)(a) above, the Commission shall consider evidence provided to the Commission such as the composite remaining life of the assets purchased and the condition of the assets purchased. Amortization of the acquisition adjustment shall begin on the date of issuance of the order approving the transfer of assets.

(5) Subsequent Modification. Any full or partial acquisition adjustment, once made by the Commission pursuant to (2) or (3)(a) above, may be subsequently modified if the extraordinary circumstances do not materialize or subsequently are eliminated or changed within five years of the date of issuance of the order approving the transfer of assets.

Specific Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 367.071(5), 367.081(2)(a), 367.121(1)(a), (b) FS. History-New 8-4-02.

25-30.039 Application for Name Change.

(1) This rule shall apply to a certificated utility that changes its name only, with no change in the ownership or control of the utility or its assets.

(2) Each application for approval of a change in name of a certificated utility shall include the following information:

- (a) The complete name, address, and type of business entity of the certificated utility;
- (b) The proposed change in name and the type of business entity under the new name;
- (c) A statement setting out the reasons for the name change;
- (d) The effective date of the name change;

(e) In the case of a corporation, limited partnership, or any other type of entity that is chartered by the State of Florida or any other state, a copy of the certificate or other document issued by the state showing its acceptance of the entity's new name. In addition, an officer of the entity shall provide a statement that the ownership and control of the utility and its assets will not change under the proposed name. In the case of a sole proprietorship, general partnership, or any other type of entity not chartered by the State of Florida or any other state, a statement, signed by a duly authorized representative, that the ownership and control of the utility and its assets will not change under the proposed name;

(f) A proposed notice to be sent to the customers of the utility informing them of the change in utility name;

(g) An original and two copies of a proposed tariff reflecting the name change, including all standard forms; and,

(h) The applicant's current certificate.

(3) After the Commission staff approves the customer notice, the utility shall send the approved customer notice to all existing customers with the next regular billing, advising them of the name change.

Specific Authority 367.121, 367.1214 FS. Law Implemented 367.121, 367.1214 FS. History-New 11-30-93.

25-30.040 Application for Authority to Transfer.

Specific Authority 367.121 FS. Law Implemented 367.071 FS. History-New 6-10-75, Amended 4-5-81, 8-30-83, Formerly 25-10.07, Transferred from 25-10.007 and Amended 11-9-86, Repealed 1-27-91.

25-30.041 Application for Approval of Transfer to a Governmental Agency.

Specific Authority 367.121(1)(f) FS. Law Implemented 367.071, 367.151 FS. History-New 11-9-86, Repealed 1-27-91.

25-30.045 Application for Amended Certificate Pursuant to an Extension of Service Area Pursuant to Either s. 367.061, F.S. or s. 367.041, F.S.

Specific Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 367.041, 367.06 FS. History-New 6-10-80, Amended 4-5-81, Formerly 25-10.08, Transferred from 25-10.008 and Amended 11-9-86, Repealed 1-27-91.

25-30.050 Municipal or County Franchise Fee.

(1) When a municipality charges a utility any franchise fee, the utility may collect that fee only from its customers receiving service within that municipality. When a county charges a utility any franchise fee, the utility may collect that fee only from its customers receiving service within that county.

(2) A utility may not incorporate any franchise fee into its other rates for service.

(3) This rule shall not be construed as granting a municipality or county the authority to charge a franchise fee. This subsection only specifies the method of collection of a franchise, if a municipality or county, having authority to do so, charges a franchise fee.

Specific Authority 367.121 FS. Law Implemented 367.091(3), 367.121 FS. History-Amended 2-3-70, 9-12-74, 11-21-82, Formerly 25-10.03, 25-10.003.

25-30.055 Systems With a Capacity or Proposed Capacity to Serve 100 or Fewer Persons.

(1) A water or wastewater system is exempt under Section 367.022(6), F.S., if its current or proposed water or wastewater treatment facilities and distribution or collection system have and will have a capacity, excluding fire flow capacity, of no greater than 10,000 gallons per day or if the entire system is designed to serve no greater than 40 equivalent residential connections (ERCs). For purposes of this rule only, one ERC equals 250 gallons per day.

(a) Unless the Commission determines that valid local statistical data should be used, ERCs for residential use are as follows:

| | |
|----------------------------------|-----------------|
| Single family detached dwellings | 1 ERC per unit |
| Multiple family dwellings | .8 ERC per unit |
| Mobile homes | .8 ERC per unit |

(b) ERCs for nonresidential use shall be based on meter size and type as follows:

1. For Water Systems

| Meter Size | Meter Type | ERCs |
|------------|-----------------------------------|-------|
| 5/8" | Displacement | 1.0 |
| 3/4" | Displacement | 1.5 |
| 1" | Displacement | 2.5 |
| 1 1/2" | Displacement or Turbine | 5.0 |
| 2" | Displacement, Compound or Turbine | 8.0 |
| 3" | Displacement | 15.0 |
| 3" | Compound | 16.0 |
| 3" | Turbine | 17.5 |
| 4" | Displacement or Compound | 25.0 |
| 4" | Turbine | 30.0 |
| 6" | Displacement or Compound | 50.0 |
| 6" | Turbine | 62.5 |
| 8" | Compound | 80.0 |
| 8" | Turbine | 90.0 |
| 10" | Compound | 115.0 |
| 10" | Turbine | 145.0 |
| 12" | Turbine | 215.0 |

2. For Wastewater Systems

| Meter Size | Meter Type | ERCs |
|------------|--------------|------|
| 5/8" | Displacement | 1.0 |
| 3/4" | Displacement | 1.5 |
| 1" | Displacement | 2.5 |

| | | |
|--------|-----------------------------------|-------|
| 1 1/2" | Displacement or Turbine | 5.0 |
| 2" | Displacement, Compound or Turbine | 8.0 |
| 3" | Displacement | 15.0 |
| 3" | Compound | 16.0 |
| 3" | Turbine | 17.5 |
| 4" | Displacement or Compound | 25.0 |
| 4" | Turbine | 30.0 |
| 6" | Displacement or Compound | 50.0 |
| 6" | Turbine | 62.5 |
| 8" | Compound | 80.0 |
| 8" | Turbine | 90.0 |
| 10" | Compound | 115.0 |
| 10" | Turbine | 145.0 |
| 12" | Turbine | 215.0 |

(c) Where undeveloped land is adjacent to a system or proposed system the Commission may, where appropriate, estimate ERCs for service to future development on the adjacent undeveloped land. Unless the Commission determines that valid local statistical data should be used, ERCs for residential acreage should be estimated as follows:

| Residential Use | ERCs/Acre |
|------------------------|-----------|
| Mobile home | 4.8 |
| Detached single family | 4.0 |

Estimates for other types of residential acreage and for commercial and industrial uses shall be made on a case-by-case basis.

Specific Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 367.022(6) FS. History-New 1-5-84, Formerly 25-10.10, 25-10.010, Amended 11-10-86.

25-30.060 Application for Exemption from Regulation or Nonjurisdictional Finding.

Specific Authority 350.127(2), 367.121(1) FS. Law Implemented 367.021(12), 367.022, 367.031 FS. History-New 1-5-92, Amended 11-30-93, 2-15-96, Repealed 1-20-97.

25-30.090 Abandonments.

(1) This rule applies to any person, lessee, trustee, or receiver owning, operating, managing, or controlling a utility which intends to abandon the utility. The provisions of this rule are intended to prevent service interruptions to the utility customers.

(2) The notice required by Section 367.165, F.S., shall include the following:

- (a) The utility's name and address;
- (b) The person to contact regarding this notice, their address and telephone number;
- (c) The location of the utility's books and records;
- (d) The date of the notice;
- (e) The date the utility will be abandoned;
- (f) Whether the water system, wastewater system, or both are to be abandoned;
- (g) A statement of the reason the utility is to be abandoned;
- (h) A statement of the status of the utility with the Department of Environmental

Protection regarding outstanding citations or violations.

(3) Within 10 days of the appointment of a receiver by the circuit court, the receiver shall request from the Commission a copy of the utility's tariff and most recent annual report.

(4) Within 90 days of the appointment of the receiver, the receiver shall file a proposed tariff revision amending the title page to reflect the name, address and telephone number of the receiver. This shall not affect the certificated name of the utility.

(5) During the pendency of the receivership, the receiver shall be responsible for fulfilling the utility's obligations pursuant to Chapter 367, F.S., and Chapter 25-30, F.A.C. In no event shall a receiver be held responsible for failure to provide safe, efficient and sufficient service where such failure is substantially caused by actions or omissions pre-dating appointment of the receiver, unless the receiver is given reasonable opportunity to rectify such failure.

(6) If the receiver appointed by the circuit court is a governmental authority as defined by Section 367.021(7), F.S., the governmental authority, upon request, shall be found exempt pursuant to Section 367.022(2), F.S.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121, 367.165 FS. History-New 11-30-93.

PART II - RECORDS AND REPORTS

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25-30.110 Records and Reports; Annual Reports.**(1) RECORDS.**

(a) Each utility shall preserve its records in accordance with the "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities" as issued by the National Association of Regulatory Utility Commissions, as revised May 1985.

1. Those utilities that choose to convert documents from their original media form shall retain the original source documents as required by paragraph 25-30.110(1)(a), F.A.C., for a minimum of three years, or for any lesser period of time specified for that type of record in the "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities," after the date the document was created or received by the utility. This paragraph does not require the utility to create paper copies of documents where the utility would not otherwise do so in the ordinary course of its business. The Commission may waive the requirement that documents be retained in their original form upon a showing by a utility that it employs a storage and retrieval system that consistently produces clear, readable copies that are substantially equivalent to the originals, and clearly reproduces handwritten notations on documents.

2. The utility shall maintain written procedures governing the conversion of source documents to a storage and retrieval system, which procedures ensure the authenticity of documents and the completeness of records. Records maintained in the storage and retrieval system must be easy to search and easy to read.

(b) Unless otherwise authorized by the Commission, each utility shall maintain its records at the office or offices of the utility within this state and shall keep those records open for inspection during business hours by Commission staff.

(c) Any utility that keeps its records outside the state shall reimburse the Commission for the reasonable travel expense incurred by each Commission representative during any review of the out-of-state records of the utility or its affiliates. Reasonable travel expenses are those travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary course of its business.

1. The utility shall remit reimbursement for out-of-state travel expenses within 30 days from the date the Commission mails the invoice.

2. The reimbursement requirement in paragraph (1)(c) shall be waived:

a. For any utility that makes its out-of-state records available at the utility's office located in Florida or at another mutually agreed upon location in Florida within 10 working days from the Commission's initial request. If 10 working days is not reasonable because of the complexity and nature of the issues involved or the volume and type of material requested, the Commission may establish a different time frame for the utility to bring records into the state. For individual data requests made during an audit, the response time frame established in Rule 25-30.145, F.A.C., shall control; or

b. For a utility whose records are located within 50 miles of the Florida state line.

(2) IN GENERAL. Each utility shall furnish to the Commission at such time and in such forms as the Commission may require, the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission.

(3) ANNUAL REPORTS; FILING EXTENSIONS. Each utility shall file with the Commission annual reports on forms prescribed by the Commission. The obligation to file an annual report for any year shall apply to any utility which is subject to this Commission's jurisdiction as of December 31 of that year, whether or not the utility has actually applied for or been issued a certificate.

(a) The Commission shall, by January 15 of each year, send one blank copy of the appropriate annual report form to each utility company. The failure of a utility to receive a report form shall not excuse the utility from its obligation to timely file the annual report. An original and two copies of the annual reports shall be filed with the Commission on or before March 31 for the preceding year ending December 31. Annual reports are considered filed on the day they are postmarked or received and logged in by the Commission's Division of Economic Regulation in Tallahassee.

(b) An annual report is considered on file if it is properly addressed, with sufficient postage, and postmarked no later than the due date. If an annual report is sent by registered mail, the date of the registration is the postmark date. The registration is evidence that the annual report was delivered. If an annual report is sent by certified mail and the receipt is postmarked by a postal employee, the date on the receipt is the postmark date. The postmarked certified mail receipt is evidence that the return was delivered.

(c) A utility may file a written request for an extension of time with the Division of Economic Regulation no later than March 31. One extension of 30 days will be automatically granted upon request. A request for a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report will be filed.

(4) ANNUAL REPORTS; CONTENTS. The appropriate annual report form required from each utility shall be determined by using the same three classes of utilities used by the National Association of Regulatory Utility Commissioners for publishing its system of accounts: Class A (those having annual water or wastewater operating revenues of \$1,000,000 or more); Class B (those having annual water or wastewater revenues of \$200,000 or more but less than \$1,000,000); Class C (annual water or wastewater revenues of less than \$200,000). The class to which a utility belongs shall be determined by using the higher of the average of its annual water or wastewater operating revenues for each of the last three preceding years.

(a) Class A and B utilities shall file the annual report on Commission Form PSC/ECR 3 (12/99), entitled "Water and/or Wastewater Utilities (Gross Revenues of \$200,000 or more)", which is incorporated by reference into this rule.

(b) Class C utilities shall file the annual report on Commission Form PSC/ECR 6 (12/99), entitled "Water and/or Wastewater Utilities (Gross Revenues of less than \$200,000 each), which is incorporated by reference into this rule.

(c) The foregoing forms can be obtained from the Commission's Division of Economic Regulation.

(5) CERTIFICATION OF ANNUAL REPORTS. As part of the annual report, each utility shall certify the following in writing by the utility's chief executive officer and chief financial officer:

(a) Whether the utility is in substantial compliance with the Uniform System of Accounts as prescribed by Rule 25-30.115, F.A.C.;

(b) Whether the utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission;

(c) Whether there have been any written communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements;

(d) Whether the financial statements and related schedules fairly present the financial condition and results of operations for the period presented and whether other information and statements presented as to the business affairs of the respondent are true, correct, and complete for the period which they represent.

(6) ANNUAL REPORTS, PENALTY FOR NONCOMPLIANCE. A penalty shall be assessed against any utility that fails to file an annual report or an extension in the following manner:

(a) Failure to file an annual report or an extension on or before March 31;

(b) Failure to file a complete annual report;

(c) Failure to file an original and two copies of the annual report. Any utility that fails to comply with this rule shall be subject to the penalties imposed herein unless the utility demonstrates good cause for the noncompliance. The Commission may, in its discretion, impose penalties for noncompliance that are greater or lesser than provided herein; such as in cases involving a flagrant disregard for the requirements of this rule or repeated violations of this rule. No final determination of noncompliance or assessment of penalty shall be made by the Commission except after notice and an opportunity to be heard, as provided by applicable law.

(d) Any utility which fails to pay a penalty within 30 days after its assessment by the Commission shall be subject to interest applied to the penalty up to and including the date of payment of the penalty. Such interest shall be compounded monthly, based on the 30 day commercial paper rate for high grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000 as regularly published in the Wall Street Journal.

(7) DELINQUENT REPORTS.

(a) Any utility that fails to file its annual report or extension on or before March 31, or within the time specified by any extension approved in writing by the Division of Economic Regulation, shall be subject to a penalty. The penalty shall be based on the number of calendar days elapsed from March 31, or from an approved extended filing date, until the date of filing. The date of filing shall be included in the days elapsed.

(b) The penalty for delinquent reports shall accrue based on the utility's classification established under subsection (4), in the following manner for each day the report is delinquent:

1. \$25 per day for Class A utilities;
2. \$13.50 per day for Class B utilities; and
3. \$3.00 per day for Class C utilities.

(8) INCOMPLETE REPORTS.

(a) The Commission's Division of Economic Regulation shall provide written notification to a utility if its report does not contain information required by subsection (4) of this rule. The utility shall file the missing information no later than 30 days after the date on the face of the notification. If the utility fails to file the information within that period, the report will be deemed delinquent and the utility shall be subject to a penalty as provided under paragraphs (7)(a) and (b), except that the penalty shall be based on the number of days elapsed from the date the information is due to the date it is actually filed. The date of filing shall be included in the elapsed days.

(b) A report is incomplete if any of the schedules required by the following forms of this rule are not completed:

1. Form PSC/ECR 3 (Rev. 12/99) for Class A and B utilities;
2. Form PSC/ECR 6 (Rev. 12/99) for Class C utilities.

(c) An incomplete report will remain incomplete until the missing information is filed with the Division of Economic Regulation on the appropriate Commission form.

(9) INCORRECT FILING. If a utility files an incorrect annual report it shall be considered delinquent and subject to a penalty on the same basis as a utility that fails to timely file an annual report. The classification determining the applicable penalty, as prescribed by paragraphs 7(a) and (b), shall be determined by the latest annual revenue figures available for the utility. The failure of a utility to receive a report form for the correct class of utility shall not excuse the utility from its obligation to timely file the annual report for the correct class of utility.

(10) INSUFFICIENT COPIES. A utility that fails to file one original and two copies of its annual report shall be subject to a penalty of one dollar per page per missing copy. The Commission will provide the utility with written notice that insufficient copies were received. A penalty may be avoided if, within 20 days after the date of the notice, the utility files the missing copies or requests that the Commission copy its report for it and remits the appropriate fee for the copying.

(11) OTHER PENALTIES. The penalties that may be assessed against a utility for failure to file an annual report in compliance with the foregoing shall be separate and distinct from penalties that may be imposed for other violations of the requirements of the Commission.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121(1)(c), (g), (i), (k), 367.156(1), 367.161 FS. History-Amended 9-12-74, 1-18-83, 2-25-85, 10-27-85, Formerly 25-10.25, 25-10.025, Amended 11-10-86, 12-22-86, 3-11-91, 11-13-95, 5-1-96, 12-14-99.

25-30.111 Exemption for Resale of Utility Service, Annual Report.

Specific Authority 367.121(1) FS. Law Implemented 367.022(8) FS. History-New 3-26-81, Formerly 25-10.09, 25-10.009, Amended 11-9-86, 11-30-93, Repealed 6-27-00.

25-30.115 Uniform System of Accounts for Water and Wastewater Utilities.

Water and wastewater utilities shall, effective January 1, 1998, maintain their accounts and records in conformity with the 1996 NARUC Uniform Systems of Accounts adopted by the National Association of Regulatory Utility Commissioners. All inquiries related to the interpretation of these uniform systems of accounts shall be submitted to the Commission's Division of Economic Regulation in writing. Note: The National Association of Regulatory Utility Commissioners published separate uniform systems of accounts for three classes of water and wastewater utilities: Class A (defined as those having annual water or wastewater operating revenues of \$1,000,000 or more); Class B (defined as those having annual water or wastewater operating revenues of \$200,000 or more but less than \$1,000,000); Class C (defined as those having annual water or wastewater revenues of less than \$200,000). Copies of these systems of accounts may be purchased from the office of said Association, Post Office Box 684, Washington, D.C. 20044.

Specific Authority 367.121(1)(b), (f) FS. Law Implemented 367.121(1)(b) FS. History-Amended 2-3-70, 9-12-74, 1-2-79, 8-21-79, 9-25-85, Formerly 25-10.04, 25-10.004, Amended 8-17-97.

25-30.116 Allowance For Funds Used During Construction.

(1) Construction work in progress (CWIP) that is not included in rate base may accrue allowance for funds used during construction (AFUDC), under the following conditions:

(a) Eligible projects. The following projects may be included in CWIP and accrue AFUDC:

1. Projects that involve gross additions to plant in excess of \$5,000 and
2. are expected to be completed in excess of sixty days after commencement of construction, or
3. were originally expected to be completed in sixty days or less but are not ready for service after sixty days.

(b) Ineligible projects. The following projects may be included in CWIP, but may not accrue AFUDC:

1. Projects, or portions thereof, that do not exceed the level of CWIP included in rate base in the company's last rate case.
2. Projects where gross additions to plant are less than \$5,000.
3. Projects expected to be completed in less than sixty days after commencement of construction.

4. Property that has been classified as Property Held for Future Use.

(c) Unless otherwise authorized by the Commission, the following projects may not be included in CWIP nor accrue AFUDC:

1. Projects that are reimbursable by another party.
2. Projects that have been cancelled.
3. Purchases of assets which are ready for service when acquired.
4. Portions of projects providing service during the construction period.

(d) Other conditions. Accrual of AFUDC is subject to the following conditions:

1. Accrual of AFUDC is not to be reversed when a project originally expected to be completed in excess of sixty days is completed in sixty days or less;
2. AFUDC may not be accrued retroactively if a project expected to be completed in sixty days or less is subsequently suspended for six months, or is not ready for service after sixty days;

3. When a project is completed and ready for service, it shall be immediately transferred to the appropriate plant account(s) or Account 106, Completed Construction Not Classified, and may no longer accrue AFUDC;

4. Where a work order covers the construction of more than one property unit, the AFUDC accrual shall cease on the costs related to each unit when that unit reaches an in-service status;

5. When the construction activities for an ongoing project are expected to be suspended for a period exceeding six (6) months, the utility shall notify the Commission of the suspension and the reason(s) for the suspension, and shall submit a proposed accounting treatment for the suspended project; and

6. When the construction activities for a suspended project are resumed, the previously accumulated costs of the project may not accrue AFUDC if such costs have been included in rate base for ratemaking purposes. However, the accrual of AFUDC may be resumed when the previously accumulated costs are no longer included in rate base for ratemaking purposes.

(e) Subaccounts. Account 105, Construction Work in Progress, shall be subdivided so as to segregate the cost of construction projects that are eligible for AFUDC from the cost of construction projects that are ineligible for AFUDC.

(2) The applicable AFUDC rate shall be determined as follows:

(a) The most recent 12-month average embedded cost of capital, except as noted below, shall be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the Company's last rate case.

(b) The cost rates for the components in the capital structure shall be the midpoint of the last allowed return on common equity, the most recent 12-month average cost of short term debt and customer deposits and a zero cost rate for deferred taxes and all investment tax credits. The cost of long term debt and preferred stock shall be based on end of period cost. The annual percentage rate shall be calculated to two decimal places.

(c) A company that has not had its equity return set in a rate case shall calculate its return on common equity by applying the most recent water and wastewater equity leverage formula.

(d) The treatment by the Commission of all investment tax credits at a zero cost rate shall be contingent upon a ruling from the Internal Revenue Service that such treatment will not, for companies elected to be treated under Section 46(f)(2) of the Internal Revenue Code, result in the forfeiture of the tax credits. Pending receipt of such a ruling, each utility shall continue to use the weighted overall cost of capital calculated in a manner consistent with the final IRS Regulation Section 1.46-6 published May 22, 1986, as the cost of the utility's 4% and 10% investment tax credits.

(e) Any such ruling request must be submitted to the Commission by December 15, 1987. The AFUDC cost rate for the investment tax credit for any company which fails to submit its own letter ruling request to the IRS shall be governed by the first letter ruling issued by the IRS in response to a request submitted pursuant to paragraph 2(d) of this rule.

(3) Discounted monthly AFUDC rate. A discounted monthly AFUDC rate, calculated to six decimal places, shall be employed to insure that the annual AFUDC charged does not exceed authorized levels.

(a) The formula used to discount the annual AFUDC rate to reflect monthly compounding is as follows:

$$M = [(1 + A/100)^{1/12} - 1] \times 100$$

Where:

M = discounted monthly AFUDC rate

A = annual AFUDC rate

(b) The monthly AFUDC rate, carried out to six decimal places, shall be applied to the average monthly balance of eligible CWIP that is not included in rate base.

(4) The following schedules shall be filed with each petition for a change in AFUDC rate:

(a) Schedule A. A schedule showing the capital structure, cost rates and weighted average cost of capital that are the basis for the AFUDC rate in subsection (2).

(b) Schedule B. A schedule showing capital structure adjustments including the unadjusted capital structure, reconciling adjustments and adjusted capital structure that are the basis for the AFUDC rate in subsection (2).

(c) Schedule C. A schedule showing the calculation of the monthly AFUDC rate using the methodology set out in this rule.

(5) No utility may charge or change its AFUDC rate without prior Commission approval. The new AFUDC rate shall be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

(6) Each utility charging AFUDC shall include with its Annual Report to the Commission Schedules A and B identified in subsection (4) of this rule, as well as disclosure of the AFUDC rate it is currently charging.

(7) The Commission may, on its own motion, initiate a proceeding to revise a utility's AFUDC rate.

(8) Paragraphs (a) and (b) of subsection (1) shall not be effective for any utility until it implements final rates in a general rate case initiated after the effective date of this rule. The foregoing notwithstanding, those provisions will become effective for all utilities no later than January 1, 1989.

Specific Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 350.115, 367.081(2), 367.121(1)(b) FS. History-New 8-11-86, Formerly 25-30.121, Amended 11-13-86, 12-7-87.

25-30.117 Accounting for Pension Costs.

Any utility that has an established defined benefit pension plan as defined by the Financial Accounting Standard's Board in the Statement of Financial Accounting Standards No. 87, Employers' Accounting for Pensions (SFAS 87), dated December, 1985, shall account for these costs pursuant to SFAS 87 as it applies to business enterprises in general.

Specific Authority 367.121 FS. Law Implemented 367.121 FS. History-New 11-30-93.

25-30.120 Regulatory Assessment Fees; Water and Wastewater Utilities.

(1) As applicable and as provided in Section 350.113, F.S., each utility shall remit a fee based upon its gross operating revenue. This fee shall be referred to as a regulatory assessment fee. Each utility shall pay a regulatory assessment fee in the amount of 0.045 of its gross revenues derived from intrastate business. The gross revenues reported for regulatory assessment fee purposes must agree with the amount reported as operating revenue on Schedule F-3 of the Operating Statement in the company's Annual Report, filed in accordance with Rule 25-30.110, F.A.C. A minimum annual regulatory assessment fee of \$25 shall be imposed if there are no revenues or if revenues are insufficient to generate a minimum annual fee.

(2) The obligation to remit the regulatory assessment fees for any year shall apply to any utility which is subject to this Commission's jurisdiction on or before December 31 of that year or for any part of that year, whether or not the utility has actually applied for or been issued a certificate.

(a) Regulatory assessment fees shall be filed with the Commission on or before March 31 for the preceding year ended December 31. Commission Form PSC/CCA 10 (07/96) entitled "Water System Regulatory Assessment Fee Return" and Commission Form PSC/CCA 17 (07/96) entitled "Wastewater System Regulatory Assessment Fee Return" are incorporated into this rule by reference and may be obtained from the Commission's Division of the Commission Clerk and Administrative Services. The failure of a utility to receive a return form shall not excuse the utility from its obligation to timely remit the regulatory assessment fees.

(b) Regulatory assessment fees are considered paid on the date they are postmarked by the United States Postal Service or received and logged in by the Commission's Division of the Commission Clerk and Administrative Services in Tallahassee. Fees are considered timely paid if properly addressed, with sufficient postage and postmarked no later than the due date.

(3) If the due date falls on a Saturday, Sunday, or a legal holiday, the due date is extended to the next business day. If the fees are sent by registered mail, the date of the registration is the United States Postal Service's postmark date. If the fees are sent by certified mail and the receipt is postmarked by a postal employee, the date on the receipt is the United States Postal Service's postmark date. The postmarked certified mail receipt is evidence that the fees were delivered.

(4) Each utility shall have up to and including the due date in which to:

(a) Remit the total amount of its fee; or

(b) Remit an amount which the utility estimates is its full fee.

(5) Any utility that purchases water or wastewater treatment from another utility regulated by the Florida Public Service Commission is allowed to deduct the annual expense for purchased water or wastewater treatment from its gross operating revenues before calculating the amount of the regulatory assessment fees due.

(6) A utility may request from the Division of the Commission Clerk and Administrative Services a 30-day extension of its due date for payment of regulatory assessment fees or for filing its return.

(a) The request for extension must be written and accompanied by a statement of good cause.

(b) The request for extension must be received by the Division of the Commission Clerk and Administrative Services at least two weeks before the due date.

(c) Where a utility receives a 30-day extension of its due date pursuant to this rule, the utility shall remit a charge in addition to the regulatory assessment fee, set out in Section 350.113, F.S.

(7) The delinquency of any amount due to the Commission from the utility pursuant to the provisions of Section 350.113, F.S., and this rule, begins with the first calendar day after any date established as the due date either by operation of this rule or by an extension pursuant to this rule.

(a) Pursuant to Section 350.113, F.S., a penalty shall be assessed against any utility that fails to pay its regulatory assessment fee by March 31, in the following manner:

1. Five percent of the fee if the failure is for not more than 30 days, with an additional five percent for each additional 30 days or fraction thereof during the time in which the failure continues, not to exceed a total penalty of 25 percent.

2. The amount of interest to be charged is one percent for each thirty days or fraction thereof, not to exceed a total of 12 percent per annum.

(b) In addition to the penalties and interest otherwise provided, the Commission may impose an additional penalty upon a utility for failure to pay regulatory assessment fees in a timely manner in accordance with Section 367.161, F.S.

(8) Any utility which requests and receives an extension of not more than 30 days or remits, by the due date, an estimated fee payment of at least 90 percent of the actual fee due shall not be charged interest or penalty on the balance due if paid within the extension period.

(9) Any utility which fails to pay a penalty within 30 days after its assessment by the Commission shall be subject to interest applied to the penalty up to and including the date of payment of the penalty. Such interest shall be compounded monthly, based on the 30-day commercial paper rate for high-grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000 as regularly published in the Wall Street Journal.

Specific Authority 350.127(2) FS. Law Implemented 350.113, 367.145, 367.161 FS. History-New 5-18-83, Formerly 25-10.24, Amended 10-19-86, Formerly 25-10.024, Amended 11-10-86, 2-8-90, 7-7-96.

25-30.125 System Maps and Records.

Each utility shall maintain on file at its principal office located within the State, suitable maps, drawings and/or records of its system and facilities to show size, location, character, date of installation and installed cost of major items of plant and extension of facilities.

Specific Authority 367.121 FS. Law Implemented 367.121 FS. History-Amended 9-12-74, Formerly 25-10.27, 25-10.027.

25-30.130 Record of Complaints.

(1) Each utility shall maintain a record of each signed, written complaint received by the utility from any of that utility's customers.

(2) The record shall include the name and address of the complainant, the nature of the complaint, the date received, the result of the investigation, the disposition of the complaint and the date of the disposition of the complaint.

Specific Authority 367.121 FS. Law Implemented 367.121 FS. History-Amended 9-12-74, Formerly 25-10.30, 25-10.030, Amended 11-10-86.

25-30.135 Tariffs, Rules and Miscellaneous Requirements.

(1) Each utility shall adopt and file tariffs in accordance with Chapter 25-9, F.A.C.

(2) No utility may modify or revise its rules or regulations or its schedules of rates and charges until the utility files and receives approval from the Commission for any such modification or revision.

(3) Each utility shall maintain for customer inspection upon request during regular business hours at its main in-state business office, a current copy of Chapters 25-9, 25-22 and 25-30, F.A.C., a current copy of Chapter 367, F.S., and a copy of the utility's current tariffs, and current developer agreements. The Commission shall provide current copies of the above rules and statute to each utility.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.121 FS. History-Amended 9-12-74, Formerly 25-10.41, 25-10.041, Amended 11-10-86, 11-30-93.

25-30.140 Depreciation.

(1) For the purpose of the rule, the following definitions apply:

(a) Account - Water and wastewater plant accounts are defined in the NARUC Uniform System of Accounts adopted by Rule 25-30.115, F.A.C.

(b) Amortization - The gradual extinguishment of an amount in an account by distributing such amount over a fixed period.

(c) Asset - Any owned physical object (tangible) or right (intangible) having economic value to its owner.

(d) Average Remaining Life - The future expected service in years of the surviving plant at a given age.

(e) Average Service Life - The period of service that can be reasonably expected from the plant type in question. It is measured by the period of time the subject plant and its associated investment is included on the company's books as in service to the public. The average service life will typically be less than the potential physical life due to factors such as governmental requirements, growth or adverse operating conditions.

(f) Average Service Life Depreciation Rate - The depreciation rate based on the expected average service to be experienced by the investment or account in question.

$$\text{A.S.L. Rate} = 100\% - \text{Average Net Salvage \%}$$

Average Service Life

(g) Capitalization - Measures of the propriety of capitalization versus expensing as follows:

1. The addition of any retirement unit, or

2. Any replacement with a retirement unit that materially enhances the value, use, life expectancy, strength or capacity of the asset prior to replacement shall be capitalized.

3. The cost of incidental repairs that neither materially add to the value of the property nor appreciably prolong its life and that were made to keep the property in an ordinary efficient operating condition shall be accounted for as a maintenance expense.

(h) Cost of removal - The cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

(i) Continuing Property Record (CPR) - A perpetual collection of records required by the NARUC Uniform System of Accounts showing the detailed original costs, quantities, and locations of plant in service. Generally, a CPR should contain 1) an inventory of property record units which can be readily checked for proof of physical existence, 2) the association of costs with such property record units to ensure accurate accounting for retirements, and 3) the dates of installation and removal of plant to provide data for use in connection with depreciation studies.

(j) Depreciation - As applied to depreciable utility plant, the loss in service value not restored by current maintenance incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities. The intent of depreciation per this rule is to provide for recovery of invested capital and to match this recovery as nearly as possible to the useful life of the depreciable investment.

(k) Depreciation Accounting - The process of charging the book cost of depreciable property, adjusted for net salvage, to operations over the associated useful life.

(l) Depreciation Expense - The periodic charge to expense to allocate the original cost of a depreciable group of assets over the life of those assets.

(m) Depreciable Group - A homogeneous grouping of assets expected to experience similar life and salvage patterns. Unless otherwise ordered by the Commission, depreciable groups are the accounts defined in the NARUC Uniform System of Accounts adopted by Rule 25-30.115, F.A.C.

(n) Function - defined as follows:

| Water | Wastewater |
|---|--|
| Source of Supply | Collection Plant |
| (Accounts 304 to 311, and 339) | (Accounts 354, 355, and 360 to 367) |
| | Pumping Plant |
| | (Accounts 354, 355, 370, 371) |
| Water Treatment Plant | Treatment & Disposal Plant |
| (Accounts 304, 310, 311, 320, and 339) | (Accounts 354 and 380 to 389) |
| | Reclaimed Water Treatment Plant |
| | (Accounts 354, 355, 371, 374, 380, 381, 389) |
| Transmission & Distribution Plant | Reclaimed Water Distribution Plant |
| (Accounts 304 310, 311, and 330 to 339) | (Accounts 354, 355, 366, 367, 371, 375, 389) |
| General Plant | General Plant |
| (Accounts 304 and 340 to 348) | (Accounts 354 and 390 to 398) |

(o) Group Depreciation - An accounting procedure under which depreciation charges are accrued on the basis of the original cost of all property included in each depreciable group. Under the group concept, no attempt is made to keep track of the accumulated provision for depreciation applicable to individual assets of property, in view of the many items making up a utility system. The group approach recognizes that some assets within the group may live longer or shorter than the average life of the group but the group is expected to live the average service life. Every item in the group is assumed to be fully depreciated at retirement.

(p) Mortality data - See plant activity data.

(q) Net Salvage - The salvage value of property retired less the cost of removal. This is expressed as a percent of retirements in the depreciation rate formula.

(r) Original Cost - The cost of acquiring an asset and placing it into service for first utility use. This includes the direct costs of acquiring the asset and the cost of labor, materials, and associated costs of installation to prepare the asset for first utility use. The cost is used in the computation of depreciation expense. In the event that an asset is acquired that is already in public service, the original historic cost of the asset should be recorded in plant in service, and the historic accumulated depreciation should be charged to the accumulated depreciation account. In the event the historic cost of an asset that is already in utility service cannot be determined, an independent engineer's evaluation based on an original cost study may be used.

(s) Plant Activity Data - Annual additions, retirements, adjustments or transfers, sales or purchases, and investment balances at end of year.

(t) Property Retired - As applied to utility plant, property that has been removed, sold, abandoned, destroyed or which has been withdrawn from service for any cause.

(u) Remaining Life Depreciation Rate - The depreciation rate based on the average remaining portion of the service life expected to be experienced by the investment or account in question and on the net unrecovered capital for that investment or account.

$$\text{R.L. Rate} = 100\% - \frac{\text{Accumulated Reserve \%} - \text{Future Net Salvage \%}}{\text{Average Remaining Life}}$$

The average remaining life for an account or sub-account is a function of known planned retirement or of the average age of that account and its appropriate mortality table.

(v) Replacing or Replacement - The construction or installation of utility plant in place of property retired, together with the removal of the property retired.

(w) Reserve - The accumulated provision for depreciation. The accumulated depreciation reserve is the net of depreciation accruals (expenses) and retired investment with related gross salvage and cost of removal as well as any appropriate adjustments or transfers.

(x) Reserve Activity Data - Annual depreciation expense, retirements, transfers or adjustments, gross salvage realized, cost of removal, and end of year balance for the accumulated provision for depreciation.

(y) Retirement Units - Those items of utility plant which, when retired with or without replacement, are accounted for by crediting the book cost to the utility plant account in which it is included.

(z) Salvage Value - The amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale or, if retained, the amount at which the material recoverable is chargeable to materials and supplies or other appropriate account.

(aa) Straight-Line Method - A depreciation method by which the service value of a depreciable group is charged to depreciation expense (or a clearing account) and credited to the accumulated provision for depreciation account through equal annual charges over the service life of the group.

(bb) Unit Depreciation - An accounting procedure under which the original cost, depreciation expense, and accumulated provision for depreciation, and all associated activity are maintained for each individual asset. Service life and salvage parameters are estimated for each individual asset with a depreciation rate designed to recover each asset's original cost over its related life. If the asset lives longer than its expected life, depreciation expense stops accruing when the asset is fully recovered. If the asset retires earlier than its expected service life, the associated unrecovered amount is immediately written-off as a loss.

(cc) Unrecovered Amount - Original cost less the accumulated provision for depreciation less expected net salvage.

(2) The average service life and salvage components for each class of utility are as follows:

(a) Water System Guideline Average Service Lives

| Account | Description | Large Utility (Class A&B) | Small Utility (Class C) | Small Utility Function Composite ³ | Net Salvage % ⁴ |
|---------------------|---|------------------------------------|----------------------------------|---|-------------------------------|
| 1. Itangible Plant | | | | | |
| 351 | Organization | 40 | 40 | | |
| 352 | Franchise Cost | 405 | 40 ⁵ | | |
| 2. Source of Supply | | | | 28 | |
| 304 | Structures & Improvements ¹ | 32 ¹ | 27 | | |
| | Wood | 28 | 25 | | |
| | Masonry | 30 | 27 | | |
| | Reinforced Concrete | 40 | 37 | | |
| | Steel Building | 40 | 35 | | |
| | Tanks or Sheds | 25 | 20 | | |
| | Fiberglass | 20 | 18 | | |
| 305 | Collecting and Impounding Reservoirs | 50 | 40 | | |
| 306 | Lake, River and Other Intakes | 40 | 40 | | |
| 307 | Wells and Springs | | | | |
| | Drilled & Cased Well | 30 | 27 | | |
| | (Floridan or Non-Corrosive) | | | | |
| | Shallow Well (Sand Aquifer or Corrosive Water) | 20 | 18 | | |
| 308 | Infiltration Galleries and Tunnels | 40 | N/A | | |
| 309 | Supply Mains | 35 | 32 | | |
| 310 | Power Generation Equipment | 20 | 17 | | |
| 311 | Pumping Equipment | 20 ¹ | 17 ¹ | | |
| | Pumping Equipment-Electric | 20 | 15 | | |
| | Pumping Equipment-Chemical | 8 | 6 | | |
| 339 | Other Miscellaneous Equipment | 18 | 15 | | |

| | | | |
|--------------------------------------|---|-----------------|-----------------|
| 3. Water Treatment Plant | | | 21 |
| 304 | Structures and Improvements (see "Source of Supply" for subcategory lives) | 32 ¹ | 27 ¹ |
| 310 | Power Generation Equipment | 20 | 17 |
| 311 | Pumping Equipment | 20 ¹ | 17 ¹ |
| | Pumping Equipment-Electric | 20 | 15 |
| | Pumping Equipment-Chemical | 8 | 6 |
| 320 | Water Treatment Equipment | 22 ¹ | 17 ¹ |
| | Chlorination Equipment | 10 | 7 |
| | Membrane Elements | 5 | 5 |
| | Other Mechanical Equipment | 25 | 20 |
| 339 | Other Miscellaneous Equipment | 18 | 15 |
| 4. Transmission & Distribution Plant | | | 36 |
| 304 | Structures & Improvements (See "Source of Supply" for subcategory lives) | 32 ¹ | 27 ¹ |
| 310 | Power Generation Equipment | 20 | 17 |
| 311 | Pumping Equipment | 20 ¹ | 17 ¹ |
| | Pumping Equipment-Electric | 20 | 15 |
| | Pumping Equipment-Chemical | 8 | 6 |
| 330 | Distribution Reservoirs & Stand Pipes | 37 ¹ | 33 ¹ |
| | Steel Pneumatic Tank | 35 | 30 |
| | Concrete Ground Storage Reservoir | 40 | 37 |
| 331 | Transmission & Distribution | | |
| | Mains | 43 ¹ | 38 ¹ |
| | Galvanized Steel Pipe & Fittings | 35 | 33 |
| | Black Steel Pipe | 20 | 18 |

| | | | | |
|------------------|---|-----------------|-----------------|----------------------------|
| | Plastic Pipe ² | 45 | 40 | |
| | Asbestos - Cement | 40 | 35 | |
| | Cast Iron or Ductile Iron | 40 | 35 | |
| | Valves & Valve Boxes | 25 | 20 | |
| | Fire Mains | 33 | 30 | |
| 333 | Services ² | 40 | 35 | |
| 334 | Meters and Meter Installations | 20 | 17 | |
| 335 | Hydrants | 45 | 40 | |
| 336 | Backflow Prevention Devices | 15 | 10 | |
| 339 | Other Plant and Miscellaneous Equipment | 25 | 20 | |
| 5. General Plant | | | | |
| 304 | Structures & Improvements | 40 ¹ | 35 ¹ | |
| | Wood Building | 35 | 30 | |
| | Masonry Building | 40 | 35 | |
| | Reinforced Concrete Building | 40 | 37 | |
| | Steel Building | 40 | 35 | |
| | Tanks or Sheds | 25 | 20 | |
| 340 | Office Furniture & Equipment | 15 | 15 | |
| | Computers | 6 | 6 | |
| 341 | Transportation Equipment | 6 | 6 | 10 |
| 342 | Stores Equipment | 18 | N/A | 14 (composite of 342- 348) |
| 343 | Tools, Shop & Garage Equipment | 16 | 15 | |
| 344 | Laboratory Equipment | 15 | N/A | |
| 345 | Power Operated Equipment | 12 | 10 | 5 |
| 346 | Communication Equipment | 10 | N/A | 10 |
| 347 | Miscellaneous Equipment | 15 | N/A | |
| 348 | Other Tangible Plant | 10 | 10 | |

(b) Wastewater System Guideline Average Services Lives.

| Account | Description | Large Utility (Class A&B) | Small Utility (Class C) | Small Utility Function Composite ³ | Net Salvage % ⁴ |
|----------------------|--|------------------------------------|----------------------------------|---|-------------------------------|
| 1. Intangible Plant | | | | | |
| 351 | Organization | 40 | 40 | | |
| 352 | Franchise Cost | 40 ⁵ | 40 ⁵ | | |
| 2. Collection System | | | | | |
| | | | | 35 | |
| 354 | Structures & Improvements Above Grade | 32 ¹ | 27 ¹ | | |
| | Wood | 28 | 25 | | |
| | Masonry | 30 | 27 | | |
| | Reinforced Concrete | 38 | 35 | | |
| | Steel Below Grade | 25 | 22 | | |
| | Concrete | 35 | 32 | | |
| | Steel | 22 | 20 | | |
| | Lift Stations | 25 | 22 | | |
| 355 | Power Generation Equipment | 20 | 17 | | |
| 360 | Collection Sewers-Force ² | 30 ¹ | 27 ¹ | | |
| 361 | Collection Sewers-Gravity ² | 45 | 40 | | |
| | Manholes | 30 | 27 | | |
| 362 | Special Collecting Structures | 40 | 37 | | |
| 363 | Services to Customers ² | 38 | 35 | | |
| 364 | Flow Measuring Devices | 5 | 5 | | |
| 365 | Flow Measuring Installations | 38 | 35 | | |
| 389 | Other Miscellaneous Equipment | 18 | 15 | | |
| 3. Pumping Plant | | | | | |
| | | | | 18 | |
| 354 | Structures & Improvements | 32 ¹ | 27 ¹ | | |
| 355 | Power Generating Equipment | 20 | 17 | | |

| | | | | |
|------------------------------------|---|-----------------|-----------------|----|
| 370 | Receiving Wells | 30 | 25 | |
| 371 | Pumping Equipment | 18 | 15 | |
| | Pumping Equipment-Electric | 18 | 15 | |
| | Pumping Equipment-Chemical | 7 | 5 | |
| 389 | Other Miscellaneous Equipment | 18 | 15 | |
| 4. Treatment and Disposal Plant | | | | 18 |
| 354 | Structures & Improvements (see "Collection System" for subcategory lives) | 32 ¹ | 27 ¹ | |
| 355 | Power Generating Equipment | 20 | 17 | |
| 371 | Pumping Equipment | 18 ¹ | 15 ¹ | |
| | Pumping Equipment-Electric | 18 | 15 | |
| | Pumping Equipment-Chemical | 7 | 5 | |
| 380 | Treatment & Disposal Equipment | 18 ¹ | 15 ¹ | |
| | Blowers, Motors, Pumps, Electric Controls | 15 | 12 | |
| | Chlorination Equipment | 10 | 7 | |
| | Other Mechanical Equipment | 23 | 18 | |
| 381 | Plant Sewers | 35 | 32 | |
| 382 | Outfall Sewer Lines | 30 | 30 | |
| 389 | Other Plant and Miscellaneous Equipment | 18 | 15 | |
| 5. Reclaimed Water Treatment Plant | | | | 21 |
| 354 | Structures & Improvements (see "Collection System" for subcategory lives) | 32 ¹ | 27 ¹ | |
| 355 | Power Generating Equipment | 20 | 17 | |
| 371 | Pumping Equipment | 18 ¹ | 15 ¹ | |
| | Pumping Equipment-Electric | 18 | 15 | |

| | | | | |
|---------------------------------------|---|-----------------|-----------------|----|
| | Pumping Equipment-Chemical | 7 | 5 | |
| 374 | Reuse Distribution | | | |
| | Reservoirs | 37 ¹ | 33 ¹ | |
| | Steel Pneumatic Tank | 35 | 30 | |
| | Concrete Ground Storage Reservoir | 40 | 37 | |
| 380 | Treatment & Disposal Equipment | 18 ¹ | 15 ¹ | |
| | Blowers, Motors, Pumps, Electric Controls | 15 | 12 | |
| | Chlorination Equipment | 10 | 7 | |
| | Other Mechanical Equipment | 23 | 18 | |
| 381 | Plant Sewers | 35 | 32 | |
| 389 | Other Plant and Miscellaneous Equipment | 18 | 15 | |
| 6. Reclaimed Water Distribution Plant | | | | 36 |
| 354 | Structures & Improvements (see "Collection System" for subcategory lives) | 32 ¹ | 27 ¹ | |
| 355 | Power Generating Equipment | 20 | 17 | |
| 366 | Reuse Services | 40 | 35 | |
| 367 | Reuse Meters and Meter Installation | 20 | 17 | |
| 371 | Pumping Equipment | 18 ¹ | 15 ¹ | |
| | Pumping Equipment-Electric | 18 | 15 | |
| | Pumping Equipment-Chemical | 7 | 5 | |
| 375 | Reuse Transmission & Distribution System | 43 ¹ | 38 ¹ | |
| | Plastic Pipe ² | 45 | 40 | |
| | Valves & Valve Boxes | 25 | 20 | |
| | Fire Mains | 33 | 30 | |

| | | | | |
|------------------|---|-----------------|-----------------|---------------------------|
| 389 | Other Plant and Miscellaneous Equipment | 18 | 15 | |
| 7. General Plant | | | | |
| 354 | Structures & Improvements | 40 ¹ | 35 ¹ | |
| | Reinforced Concrete Building | 45 | 40 | |
| | Masonry Building | 40 | 35 | |
| | Wood Building | 35 | 30 | |
| | Steel Building | 40 | 35 | |
| | Tanks or Sheds | 25 | 20 | |
| 390 | Office Furniture & Equipment | 15 | 15 | |
| | Computers | 6 | 6 | |
| 391 | Transportation Equipment | 6 | 6 | 10 |
| 392 | Stores Equipment | 18 | N/A | 14 (composite of 392-398) |
| 393 | Tools, Shop & Garage Equipment | 16 | 15 | |
| 394 | Laboratory Equipment | 15 | N/A | |
| 395 | Power Operated Equipment | 12 | 10 | 5 |
| 396 | Communication Equipment | 10 | N/A | 10 |
| 397 | Miscellaneous Equipment | 15 | N/A | |
| 398 | Other Tangible Plant | 10 | 10 | |

(c) For the purposes of paragraphs (2)(a) and (b), the following apply:

1. ¹Denotes composite life.
2. ²Plastic pipe footnote - assumes use of AWWA standard pipe only. Assumes AWWA DR18 used for all mains of 6" or more.
3. ³To be used only when acceptable company plant balances are not available for developing composites using account lives.
4. ⁴Net Salvage zero except as indicated.
5. ⁵Franchise costs shall be amortized over a period of 40 years unless a specific time period is designated in the utility franchise agreement.

(3)(a) Average service life depreciation rates based on guideline lives and salvages shall be used in any Commission proceeding in which depreciation rates are addressed, except for those utilities using depreciation rates in accordance with the requirements listed in subsections (6) and (7) of this rule. A utility shall also implement the applicable guideline rates for any new plant to be placed in service.

(b) A utility may implement applicable guideline rates without specific approval by the Commission. Guideline rates, if implemented for any account, must be implemented for all accounts. If a utility implements applicable guideline rates outside of a rate proceeding, the utility shall provide written notification to the Director of Economic Regulation within 30 days of such implementation.

(c) If guideline depreciation rates have been implemented, the rates shall not be changed unless approved by the Commission.

(4)(a) All Class A and B utilities shall maintain depreciation rates and reserve activity data by account as prescribed by this Commission.

(b) All Class C utilities shall maintain depreciation rates and reserve activity data by total depreciable plant, function or account as prescribed by this Commission.

(5) Computation of depreciation expense. Regulatory book depreciation expense shall be computed on a monthly basis in conformity with group depreciation accounting procedures.

(6)(a) At the time a utility applies for a change in its revenue rates and charges, it may also petition for average service life depreciation rates different from those in the above schedule if it can justify the service lives that the utility is proposing in lieu of the guideline lives. That justification should be in the form of historic data, technical information or utility planning for the affected accounts or sub-accounts. Common causes of need for different depreciation rates include composition of account, adverse environmental conditions, high growth or regulatory changes.

(b) A utility filing for such a revision of depreciation rates shall submit ten copies of the filing to the Director of the Commission Clerk and Administrative Services.

(c) For each account or function of depreciable plant addressed in the filing, the following shall be included:

1. A comparison of current and proposed depreciation rates and service lives. The proposed effective date of the new rates shall be identified.

2. A comparison of depreciation expenses resulting from current rates with those produced by the proposed rates. Plant balances used in this calculation shall be those as of the effective date of the proposed rates.

3. A general narrative defining the service environment of the applicant utility and the factors (e.g., composition of account, growth, environmental conditions, regulatory changes) leading to the present application for a revision in rates in the affected accounts.

4. Any statistics, data, analyses or calculations used in the development of the proposed average service lives.

(7)(a) A Class A, B, or C utility may apply for guidelines for a proposal for implementation of remaining life depreciation rates if the utility has maintained both plant activity data by account and accumulated provision for depreciation (reserve) data by account, function or total depreciable plant generally in accord with the Uniform System of Accounts for either at least ten years or since the inception of the utility, whichever is less.

(b) To provide time for study development, any application for remaining life guidelines should be submitted at least six months before the filing for a test year in connection with a request for a revenue rate increase.

(8) Prior to the date of retirement of major installations, the Commission may approve capital recovery schedules to correct associated calculated deficiencies in recovery where a utility demonstrates that retirement of the installation or group of installations is prudent and the

associated investment will not be recovered by the time of retirement through the normal depreciation process.

(9)(a) Beginning with the year ending December 31, 2003, all Class A and B utilities shall maintain separate sub-accounts for: (1) each type of Contributions-in-Aid-of-Construction (CIAC) charge collected including, but not limited to, plant capacity, meter installation, main extension or system capacity; (2) contributed plant; (3) contributed lines; and (4) other contributed plant not mentioned previously. Establishing balances for each new sub-account may require an allocation based upon historical balances. Each CIAC sub-account shall be amortized in the same manner that the related contributed plant is depreciated. Separate sub-accounts for accumulated amortization of CIAC shall be maintained to correspond to each sub-account for CIAC.

(b) Beginning with the year ending December 31, 2003, for Class C utilities, where adequate CIAC records are maintained in sub-accounts, by type of charge or contributed plant, CIAC amortization rates shall be applied separately to each sub-account. Where CIAC records are not kept by sub-account, a composite depreciation rate for total plant, excluding general plant, shall be applied to the entire CIAC account.

(c) Any composite rate used shall be recalculated each year based on the applicable plant balances and depreciation rates.

Specific Authority 350.127(2), 367.121(1) FS. Law Implemented 350.115, 367.081(2), 367.121(1) FS. History-New 3-22-84, Formerly 25-10.32, 25-10.032, Amended 11-10-86, 5-8-88, 11-21-95, 12-4-03.

25-30.145 Audit Access To Records.

This rule addresses the reasonable access to utility and affiliate records provided for in Section 367.156(1), F.S., for the purposes of management and financial audits.

(1) The audit scope, audit program and objectives, and audit requests are not constrained by relevancy standards narrower than those provided by Section 367.156(1), F.S.

(2) Reasonable access means that company responses to audit requests for access to records shall be fully provided within the time frame established by the auditor. In establishing a due date, the auditor shall consider the location of the records, the volume of information requested, the number of pending requests, the amount of independent analysis required, and reasonable time for the utility to review its response for possible claims of confidentiality or privilege.

(3) In those instances where the utility disagrees with the auditor's assessment of a reasonable response time to the request, the utility shall first attempt to discuss the disagreement with the auditor and reach an acceptable revised date. If agreement cannot be reached, the utility shall discuss the issue with successive levels of supervisors at the Commission until an agreement is reached. If necessary, a final decision shall be made by the Prehearing Officer. If the audit is related to an undocketed case, the Chairman shall make the decision.

(4) The utility and its affiliates shall have the opportunity to safeguard their records by copying them or logging them out, provided, however, that safeguard measures shall not be used to prevent reasonable access by Commission auditors to utility or affiliate records.

(5) Reasonable access to records includes reasonable access to personnel to obtain testimonial evidence in response to inquiries or through interviews.

(6) Nothing in this rule shall preclude Commission auditors from making copies or taking notes. In the event these notes relate to documents for which the company has asserted confidential status, such notes shall also be given confidential status.

(7) Form PSC/AUS 6 (2/95), entitled "Audit Document and Record Request/Notice of Intent" is incorporated by reference into this rule. This form is used by auditors when requests are formalized. This form documents audit requests, the due dates for responses, and all Notices of Intent to Seek Confidential Classification.

Specific Authority 350.127(2), 367.121(1) FS. Law Implemented 350.117, 367.121, 367.156(1) FS. History-New 2-28-95.

PART III - SERVICE PROVISIONS

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25-30.210 Definitions.

For the purpose of this part, the following definitions apply:

(1) "Customer" shall mean any person, firm, association, corporation, governmental agency, or similar organization who has an agreement to receive service from the utility;

(2) "Main" shall mean a pipe, conduit or facility which conveys utility service to individual services or to other mains;

(3) "Meter" shall mean any device used to measure service rendered to a customer by a utility;

(4) "Service Pipe" shall mean the pipe between the utility's mains and the point of delivery and shall include all of the pipe, fittings and valves necessary to make the connection excluding the meter.

(5) "Service Connection" shall mean the point of connection of the customer's piping with the meter or service pipe owned by the utility.

(6) "Point of Delivery" where the service pipe is connected to the utility company's main.

(7) "Point of delivery" for water systems shall mean the outlet connection of the meter for metered service or the point at which the utility's piping connects with the customer's piping for non-metered service.

Specific Authority 367.121 FS. Law Implemented 367.121 FS. History-Amended 9-12-74, Formerly 25-10.15, 25-10.015, Amended 11-10-86.

25-30.225 Plant and Facilities.

(1) Each utility shall design, construct, and install its plant in accordance with accepted engineering practices to ensure reasonably adequate and safe service to its customers.

(2) Each utility shall maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the Department of Environmental Protection.

(3) Each utility shall exercise due care to reduce the hazards to which employees, customers, and the public may be exposed by reason of the utility's equipment or facilities.

(4) Each utility shall make reasonable effort to warn and protect the public from any danger which exists or arises on account of the utility's equipment or facilities.

(5) Each water utility shall operate and maintain in safe, efficient, and proper condition, all of its facilities and equipment used to distribute, regulate, measure or deliver service up to and including the point of delivery into the piping owned by the customer.

(6) Each wastewater utility shall operate and maintain in safe, efficient, and proper condition, of its facilities and equipment used to collect and regulate the flow of wastewater in the sewer mains. The wastewater utility may require that each customer be responsible for cleaning and maintaining sewer laterals to the point of delivery.

(7) Each utility which provides both water and wastewater service shall operate and maintain in safe, efficient, and proper condition, all of its facilities to the point of delivery.

(8) Each utility shall maintain on file at its principal office located within the state, suitable maps, drawings, and records of its system and facilities to show size, location, character, date of installation and installed cost of major items of plant and extension of facilities.

(9) Each utility shall inspect its plant and facilities in such a manner and with such frequency as may be necessary to ensure that the plant and facilities are maintained in proper condition for rendering safe and adequate service.

Specific Authority 350.127(1)(f), 367.121(1) FS. Law Implemented 367.111, 367.121 FS. History-Amended 9-12-74, 3-26-81, Formerly 25-10.42, 25-10.042, Amended 11-10-86.

25-30.230 Service Facilities.

(1) Each water utility shall provide a service pipe of suitable capacity from its main up to and including the customer's service control valve and meter box for water service to the customer. Each water utility shall provide a service, control valve, and meter box. The utility may locate the service control valve and the meter box at or near the customer's curb or property line.

(2) Each wastewater utility shall provide the service pipe to the service connection, and may locate the connection at or near the customer's curb or property line.

(3) Each utility shall provide service facilities at its own expense unless the utility's tariff provides otherwise.

(4) All service facilities remain the property of the utility.

Specific Authority 367.121(1)(f) FS. Law Implemented 367.121 FS. History-Amended 9-12-74, Formerly 25-10.86, 25-10.086, Amended 11-10-86.

25-30.231 Extent of System Which Utility Shall Maintain.

Each utility, unless specifically relieved in any case by the Commission from such obligation, shall operate and maintain in safe, efficient and proper condition all of the facilities and equipment used in connection with the collection and regulation of flow of wastewater in the sewer mains and the distribution, regulation, measurement and delivery of water service to the customer up to and including the point of delivery into the piping owned by the customer. The utility may require that each customer shall be responsible for cleaning and maintaining sewer laterals to the service connection.

Specific Authority 367.121(1)(f) FS. Law Implemented 367.111 FS. History-Amended 4-20-63, 9-12-74, Formerly 25-10.109, Amended 11-10-86.

25-30.235 Safety.

Every public utility shall at all times use every reasonable effort properly to warn and protect the public from any danger, and shall exercise due care to reduce the hazards to which employees, customers, and the public may be subjected by reason of its equipment and facilities. *Specific Authority 367.121 FS. Law Implemented 367.111 FS. History-Amended 9-12-74, Formerly 25-10.45, 25-10.045.*

25-30.240 Change in Character of Service.

Change in Character of Service. Any substantial change to be made by the utility in the conditions or character of service rendered which would impair the safe, efficient use of the equipment of customers shall not be made without the prior approval of the Commission and without adequate notice to the customers. Any such change shall be accompanied by a general inspection and adjustment of customer equipment that would be affected thereby to the extent necessary that such equipment may operate as efficiently and give as good service as was possible before the change. This shall be done promptly, without direct charge, and with a minimum of inconvenience to the customer. *Specific Authority 367.121 FS. Law Implemented 367.111 FS. History-Amended 9-12-74, Formerly 25-10.44, 25-10.044.*

25-30.245 Accidents.

(1) Each utility shall keep a record of any accident which endangers the public or the utility's employees, or disrupts the utility's service facilities in such a manner as could have caused substantial property damage, serious personal injury or death.

(2) Each utility shall furnish its accident reports to the Commission upon request of the Commission staff.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.111, 367.121 FS. History-Amended 9-12-74, Formerly 25-10.29, 25-10.029, Amended 11-10-86.

25-30.250 Continuity of Service.

(1) Each utility shall make all reasonable efforts to provide continuous service. Should interruption in service occur, however, each utility shall reestablish service with the shortest delay consistent with the safety of its customers and the general public.

(2) Each utility shall schedule any necessary interruptions in service at a time anticipated to cause the least inconvenience to its customers. Each utility shall notify its customers prior to scheduled interruptions.

(3) Where public fire protection is provided by the mains affected by the interruption, the utility shall notify the Fire Chief or any other public official responsible for fire protection, that an interruption has occurred or will occur. Additionally, the utility shall notify that person when service is or is anticipated to be restored.

(4) Where a customer's water or wastewater service is interrupted and remains out of service in excess of forty-eight (48) hours after the customer has notified the utility of the interruption, the utility shall refund to that customer the pro-rata portion of the month's charges for the period of days during which service was not provided. This paragraph applies only to

utilities which have service tariffs that provide for charges on a non-metered rate. The utility may refund the amount owed as credit toward the customer's subsequent bill for service.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.111 FS. History-Amended 9-12-74, Formerly 25-10.56, 25-10.056, Amended 11-10-86.

25-30.251 Record and Report of Interruptions.

(1) Each utility shall maintain a record of all interruptions in service which affect ten percent (10%) or more of its customers. The record shall show the cause of the interruption, its date, time, duration, remedy, and steps taken to prevent recurrence.

(2) The utility shall notify the Commission of any interruptions in service which affect ten percent (10%) or more of its customers. Notification to the Commission shall be made within one work day of notification to the utility that such an interruption has occurred, and within one work week after service has been restored. The utility shall file a complete report of the record to the Commission regarding the interruption.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121 FS. History-Amended 9-12-74, Formerly 25-10.28, 25-10.028, Amended 11-10-86.

25-30.255 Measurement of Service for Water Utilities.

(1) Except as provided in subsection (2) of this rule, each utility shall measure water sold upon the basis of metered volume sales unless the Commission approved flat rate service arrangements for that utility.

(2) A utility may provide flat rate on estimated service for:

(a) Temporary service where the utility can readily estimate water use.

(b) Public and private fire protection service.

(c) Water used for street sprinkling and sewer flushing when provided for by contract between the utility and the municipality or other local governmental authority.

(3) To measure service, each utility shall use meters which conform to the Standards for Cold Water Meters as adopted by the American Waterworks Association. Copies of these manuals and standards may be obtained from the American Waterworks Association, Publication Sales Department, 6666 West Quincy Avenue, Denver, Colorado 80235

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.111 FS. History-Amended 9-12-74, Formerly 25-10.87, 25-10.087, Amended 11-10-86.

25-30.260 Meter Installation.

(1) Generally, each utility shall locate meters at or near the customer's curb or property line. When it is impractical to locate meters at or near the customer's curb or property line, the utility may locate a meter in any other reasonably convenient or accessible place which affords protection against damage.

(2) When meters are grouped, the utility shall tag each meter to identify the customer whose services are measured by that meter.

(3) Each utility shall install an accessible service control valve on the inlet side of each meter.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.111, 367.121 FS. History-Amended 9-12-74, Formerly 25-10.88, 25-10.088, Amended 11-10-86.

25-30.261 Meter Readings.

(1) The utility shall read its service meters at regular intervals and, insofar as practicable within regularly scheduled work days, on the corresponding day of each meter reading period.

(2) The utility shall read the register of each meter in the same units that the utility uses for billing purposes, except that a water meter may register in gallons or in cubic feet.

(3) The service meters shall be marked to indicate the units measured by that meter.

(4) The meter shall be marked with any constant or multiplier that the utility uses to determine the amount of service used by a customer.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.111, 367.121 FS. History-Amended 9-12-74, Formerly 25-10.95, 25-10.095, Amended 11-10-86.

25-30.262 Meter Accuracy Requirements.

Each utility shall employ water meters which register within the accuracy limits set forth in this chart:

Accuracy limits in percentages

| Meter Type | Maximum Rate | Intermediate Rate | Minimum Rate | |
|--------------|--------------|-------------------|--------------|----------|
| | | | New | Repaired |
| Displacement | 98.5-101.5 | 98.5-101.5 | 95-101.5 | 90-101.5 |
| Current | 97 -102. | None | 95-102 | 90-102 |
| Compound* | 97 -103 | 97 -103 | 95-103 | 90-103 |

*The minimum required accuracy for compound meters at any rate within the "changeover" range of flows shall be 85%.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121(1)(a), 367.122(1) FS. History-Amended 9-12-74, Formerly 25-10.92, 25-10.092, Amended 11-10-86.

25-30.263 Meter Test Methods.

(1) Each utility shall test its displacement type cold water meters on at least the three rates of flow set forth in the following chart:

| Meter Size Inches | Normal Test Flow Limits GPM | Test Flow Gallons Per Minute | | |
|----------------------|--------------------------------|------------------------------|--------|---------|
| | | Minimum | Median | Maximum |
| 5/8 | 1- 20 | ¼ | 2 | 15 |
| ¾ | 2- 30 | ½ | 3 | 25 |
| 1 | 3- 50 | ¾ | 4 | 35 |
| 1½ | 5- 100 | 1½ | 8 | 50 |
| 2 | 8- 160 | 2 | 15 | 100 |
| 3 | 16- 300 | 4 | 20 | 150 |
| 4 | 28- 500 | 37 | 40 | 200 |
| 6 | 48-1000 | 12 | 60 | 500 |

(2) Each utility shall test its current, compound and fire-service type meters on at least three rates of flow: one at the minimum test flow and two or more within the normal test flow limits of the table set forth in subsection (1) of this rule, with the upper test flow to be at a rate as high as practicable.

(3) Each utility shall test its compound meters within the "changeover" range of flows to determine overall operational efficiency and accuracy of registration.

(4) A utility may test any displacement type meter after installation if the meter is three inches or larger. However, each utility shall test its current, compound and fire-service type meters in place to achieve maximum accuracy, and may install a test tee in the outlet piping to facilitate and reduce the cost of testing for meters which are three inches or larger.

(5) Each utility may affix a seal to each of its tested and adjusted meters. The utility may affix the seal in such manner that it would have to be broken before any adjustment to meter registration could be achieved.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121(1)(a), 367.122 FS. History-Amended 9-12-74, Formerly 25-10.90, 25-10.090, Amended 11-10-86.

25-30.264 Meter Testing Equipment.

(1)(a) Each utility providing metered water service shall either provide the necessary standard facilities, instruments and other equipment for testing meters in compliance with Rule 25-30.263, F.A.C., or enter into arrangements with other utilities or agencies for the testing of the utility's meters.

(b) When the utility opts to arrange for its testing to be performed by another utility or agency, that utility shall notify the Commission.

(2)(a) Standard meters may be used by the utility for field tests of meter accuracy provided that they are tested and calibrated to permit the testing of meters within the limits of accuracy set out in Rule 25-30.263, F.A.C.

(b) Testing and calibration of the standard meters shall be done either by the utility with its volumetric or weight standard equipment, or by an approved laboratory.

(c) Testing and calibration of the standard meters shall be done at least once every sixty (60) days while the standard meter is in use.

Specific Authority 350.127(2), 367.121(1) FS. Law Implemented 367.121(1)(a), 367.122(1) FS. History-Amended 9-12-74, Formerly 25-10.89, 25-10.089, Amended 11-10-86.

25-30.265 Periodic Meter Tests.

Each utility shall inspect and test a representative sample of its meters in service at least once during the intervals set out in this rule.

| Size of Meter | Maximum Interval Between Tests |
|---------------|--------------------------------|
| 5/8" | 10 years |
| 3/4" | 8 years |
| 1" | 6 years |
| 1 1/2" | 4 years |
| 2" | 4 years |
| 3" | 3 years |
| 4" | 2 years |
| 6" | 1 year |

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121(1)(a), 367.122 FS. History-Amended 9-12-74, Formerly 25-10.93, 25-10.093, Amended 11-10-86.

25-30.266 Meter Test By Request.

(1)(a) Upon written request of any customer whose meter has not been tested within one-half the maximum interval provided in Rule 25-30.265, the utility shall make a field test for accuracy of that customer's meter.

(b) The utility may not charge for any field test performed pursuant to paragraph (a) of this subsection.

(2)(a) The utility may require a deposit to defray cost of any bench test requested by any customer. However, the deposit may not exceed the following schedule:

| Meter Size (inches) | Fee |
|---------------------|---------------------|
| 5/8 and 3/4 | \$20.00 |
| 1 and 1 1/2 | \$25.00 |
| 2 and over | Actual Cost of Test |

(b) The utility may retain the deposit if the customer's meter is found to register accurately or below accuracy.

(c) The utility shall refund the deposit if the customer's meter is found to register in excess of prescribed accuracy limits.

(3) The Commission may provide a representative to observe or supervise any bench test upon written request from the customer or utility. The utility shall advise the customer of the customer's right to witness the bench test.

(4) The utility shall provide the customer with a written report of the results of any test performed pursuant to this rule.

(5) A meter shall in no way be disturbed after the utility has received notice that application has been made for a test by the customer unless a representative of the Commission is present or unless authority to do so is first given in writing by the Commission or by the customer.

(6) At the request of the customer, the utility shall make arrangements for a meter test to be conducted by an independent meter testing facility of the customer's choosing. The customer shall be responsible for negotiating and paying to the independent meter testing facility any fee charged for such a test. Such independent meter testing facilities shall, at minimum, conform to the requirements of the American Waterworks's Association Water Meters Selection Installation Testing and Maintenance(AWWA-M6-1972). Where appropriate, the meter may be field tested. The customer shall be responsible for all the costs to the utility associated with a meter test by an independent meter testing facility. The utility shall provide a detailed estimate of such costs and may require payment of such costs prior to the actual meter test. If the meter is found to be running fast in excess of the limits established by these rules, such costs shall be refunded, but if within the allowable limit, the utility may retain the costs.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121(1)(a), 367.122 FS. History-Amended 9-12-74, 1-4-79, 10-11-83, Formerly 25-10.94, 25-10.094, Amended 11-10-86.

25-30.267 Record of Meter Tests.

(1) Each utility shall preserve the original records of all meter tests at least until same meter is performed or until the meter is retired by a later test.

(2) These records shall include

(a) sufficient information to identify the meter;

(b) the reason for the test;

(c) date of test and reading of the meter;

(d) the computed accuracy before and after the repair; and

(e) any other data taken at the time of the test which would permit the convenient checking of the test results.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121(1)(a), 367.122 FS. History-Amended 9-12-74, Formerly 25-10.91, 25-10.091, Amended 11-10-86.

PART IV - CUSTOMER RELATIONS

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25-30.310 Initiation of Service.

(1) A utility may require that application for service be made in writing and in accordance with the forms prescribed by the utility. However, the utility shall treat a completed application as notice that service is desired and as an expression of the applicant's willingness to conform to the utility's service rules and regulations which are in effect and on file with the Commission.

(2) Upon an applicant's compliance with utility's reasonable rules regarding service initiation, the utility shall initiate service without unreasonable delay. To ensure effectiveness of its rules regarding service and the initiation of service, a utility shall set out its rules or policies in its tariff, and those rules or policies shall have uniform application.

(3) In addition to the above, the utility shall provide each applicant for service with a copy of the brochure entitled "Your Water and Wastewater Service" which is prepared by and available from the Florida Public Service Commission, Division of Consumer Affairs, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0867.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.111, 367.121, 367.081 FS.

History-Amended 9-12-74, Formerly 25-10.71, 25-10.071, Amended 11-10-86.

25-30.311 Customer Deposits.

(1) Deposit required; establishment of credit. Each company's tariff shall contain their specific criteria for determining the amount of initial deposit. Each utility may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with the utilities' rules for prompt payment of bills. Credit will be deemed so established if:

(a) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for the service requested. A satisfactory guarantor shall, at the minimum, be a customer of the utility with a satisfactory payment record. A guarantor's liability shall be terminated when a residential customer whose payment of bills is secured by the guarantor meets the requirements of subsection (5) of this rule. Guarantors providing security for payment of residential customers' bills shall only be liable for bills contracted at the service address contained in the contract of guaranty.

(b) The applicant pays a cash deposit.

(c) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety bond.

(2) Receipt for deposit. A non-transferrable certificate of deposit shall be issued to each customer and means provided so that the customer may claim the deposit if the certificate is lost.

(3) Record of deposits. Each utility having on hand deposits from customers shall keep records to show:

- (a) the name of each customer making the deposit;
 - (b) the premises occupied by the customer when the deposit was made;
 - (c) The date and amount of deposit; and
 - (d) A record of each transaction concerning such deposit.
- (4) Interest on deposit.

(a) Each utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits of 6 percent per annum. The utility shall pay an interest rate of 7 percent per annum on deposits of nonresidential customers qualifying under subsection (5) below when the utility elects not to refund such a deposit after 23 months.

(b) The deposit interest shall be simple interest in all cases and settlement shall be made annually, either in cash or by credit on the current bill. This does not prohibit any public utility paying a higher rate of interest than required by this rule. No customer depositor shall be entitled to receive interest on his deposit until and unless a customer relationship and the deposit have been in existence for a continuous period of six months, then he shall be entitled to receive interest from the day of the commencement of the customer relationship and the placement of deposit.

(5) Refund of deposits. After a customer has established a satisfactory payment record and has had continuous service for a period of 23 months, the utility shall refund the residential customer's deposits and shall, at its option, either refund or pay the higher rate of interest specified above for nonresidential deposits, providing the customer has not, in the preceding 12 months, (a) made more than one late payment of a bill (after the expiration of 20 days from the date of mailing or delivery by the utility), (b) paid with check refused by a bank, (c) been disconnected for nonpayment, or at any time, (d) tampered with the meter, or (e) used service in a fraudulent or unauthorized manner. Nothing in this rule shall prohibit the company from refunding at any time a deposit with any accrued interest.

(6) Refund of deposit when service is discontinued. Upon termination of service, the deposit and accrued interest may be credited against the final account and the balance, if any, shall be returned promptly to the customer but in no event later than fifteen (15) days after service is discontinued.

(7) New or additional deposits. A utility may require, upon reasonable written notice of not less than 30 days, such request or notice being separate and apart from any bill for service, a new deposit, where previously waived or returned, or an additional deposit, in order to secure payment of current bills; provided, however, that the total amount of required deposit should not exceed an amount equal to the average actual charge for water and/or sewer service for two billing periods for the 12-month period immediately prior to the date of notice. In the event the customer has had service less than 12 months, then the utility shall base its new or additional deposit upon the average monthly billing available.

Specific Authority 367.121, 350.127(2) FS. Law Implemented 367.081, 367.111, 367.121 FS. History-Amended 6-1-63, 4-1-69, 9-12-74, 6-10-80, 1-31-84, Formerly 25-10.72, 25-10.072, Amended 10-13-88, 4-25-94.

25-30.315 Temporary Service.

(1) Upon compliance with subsection (3) of this rule, a utility may require an applicant customer to pay all the anticipated costs of installing and removing facilities and materials for temporary service.

(2) When temporary service is terminated, the utility shall credit the customer with the reasonable salvage value of the service facilities and materials if the customer has made advance payment pursuant to subsection (1) of this rule.

(3) Each utility shall set out in its tariff a definition of and policy or rules regarding temporary service.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.111, 367.121 FS. History- Amended 9-12-74, Formerly 25-10.85, 25-10.085, Amended 11-10-86.

25-30.320 Refusal or Discontinuance of Service.

(1) Until adequate facilities can be provided, a utility may refuse to serve an applicant if, in the best judgment of the utility, it does not have adequate facilities, or supply to render the service applied for, or if the service is of character that is likely to affect unfavorably service to other customers.

(2) As applicable, the utility may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the customer shall be given written notice and allowed a reasonable time to comply with any rule or remedy any deficiency:

(a) For noncompliance with or violation of any state or municipal law or regulation governing such utility service.

(b) For failure or refusal of the customer to correct any deficiencies or defects in his piping or equipment which are reported to him by the utility.

(c) For the use of utility service for any other property or purpose than that described in the application.

(d) For failure or refusal to provide adequate space for the meter or service equipment of the utility.

(e) For failure or refusal to provide the utility with a deposit to insure payment of bills in accordance with the utility's regulation.

(f) For neglect or refusal to provide reasonable access to the utility for the purpose of reading meters or inspection and maintenance of equipment owned by the utility.

(g) For nonpayment of bills, including nonpayment of municipal sewer service under circumstances specifically provided in Section 159.18(2), F.S., or noncompliance with the utility's rules and regulations in connection with the same or a different type or a different class of utility service furnished to the same customer at the same premises by the same or affiliated utility only after there has been a diligent attempt to have the customer comply, including at least 5 working days' written notice to the customers. Such notice shall be separate and apart from any bill for service. For purposes of this subsection, "working day" means any day on which the utility's office is open and the U.S. Mail is delivered. A utility shall not, however, refuse or discontinue service for nonpayment of a dishonored check service charge imposed by the utility.

(h) Without notice in the event of a condition known to the utility to be hazardous.

(i) Without notice in the event of tampering with regulators, valves, piping, meter or other facilities furnished and owned by the utility.

(j) Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of such service, the utility, before restoring service,

may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from such fraudulent use. Service shall not be discontinued if, prior to the arrival of the utility to discontinue service, the customer has:

1. paid for all fraudulent use of service;
2. demonstrated the fraudulent use has ceased;
3. paid all other applicable fees and charges; and
4. the service condition allowing fraudulent use of service has been corrected.

(3) Service shall be restored when cause for discontinuance has been satisfactorily adjusted.

(4) In case of refusal to establish service, or whenever service is discontinued, the utility shall notify the applicant or customer in writing of the reason for such refusal or discontinuance. In all instances involving refusal or discontinuance of service the utility shall advise in its notice that persons dissatisfied with the utility's decision to refuse or discontinue service may register their complaint with the utility's Customer Relations Personnel and to the Florida Public Service Commission at 1-800-342-3552, which is a toll free number.

(5) The following shall not constitute sufficient cause for refusal or discontinuance of service to an applicant or customer:

(a) Delinquency in payment for service by a previous occupant of the premises unless the current applicant or customer occupied the premises at the time the delinquency occurred and the previous customer continues to occupy the premises and such previous customer will receive benefit from such service.

(b) Failure to pay for appliances or equipment purchased from the utility.

(c) Failure to pay for a different class of service, except where two or more classes of service are rendered to the same customer at the same premises.

(d) Failure to pay the bill of another customer as guarantor thereof.

(e) Failure to pay a dishonored check service charge imposed by the utility.

(6) No utility shall discontinue service to any customer, between 12:00 noon on a Friday and 8:00 a.m. the following Monday or between 12:00 noon on the day preceding a public holiday and 8:00 a.m. the next working day; provided, however, that this prohibition shall not apply when:

(a) Discontinuance is requested by or agreed to by the customer; or

(b) A hazardous condition exists; or

(c) Meters or other utility-owned facilities have been tampered with; or

(d) Service is being obtained fraudulently or is being used for unlawful purposes.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.111, 367.121 FS. History-Amended 9-12-74, 4-3-80, 10-25-84, Formerly 25-10.74, 25-10.074, Amended 11-10-86, 1-1-91, 1-7-93, 11-30-93, 10-28-98.

25-30.325 Termination of Service by Customer.

A utility may require a customer to give reasonable notice of his or her intention to discontinue service. Until the utility receives such notice, a customer may be held responsible for all service rendered.

Specific Authority 367.121 FS. Law Implemented 367.111, 367.121 FS. History-Amended 9-12-74, Formerly 25-10.73, 25-10.073, Amended 11-10-86.

25-30.330 Information to Customers.

(1) Each utility shall provide its customers with the following information on at least an annual basis:

- (a) Telephone numbers regular and after hours;
- (b) Office address.

(2) Each utility shall provide its customers, upon request, with such other information and assistance as reasonably may be necessary to ensure that the customer receives safe, efficient service.

(3) Upon request of a customer, each utility shall provide information as to the method of reading meters and the computation of billing which results from reading meters.

(4) When a customer requests a bench test of his or her meter, the utility shall inform that customer of the provisions of Rule 25-30.266, F.A.C., and shall advise that the customer may request the test be made or supervised by a Commission representative.

(5) Upon request of a customer, the utility is to provide a copy or explanation of the utility's rates applicable to the customer's classification for service and to assist the customer in obtaining the rate which is most advantageous for the customer's service requirements.

Specific Authority 367.121 FS. Law Implemented 367.121 FS. History-Amended 9-12-74, Formerly 25-10.69, 25-10.069, Amended 11-10-86.

25-30.335 Customer Billing.

(1) Except as provided in this rule, a utility shall render bills to customers at regular intervals, and each bill shall indicate: the billing period covered; the applicable rate schedule; beginning and ending meter reading; the amount of the bill; the delinquent date or the date after which the bill becomes past due; and any authorized late payment charge.

(2) If the utility estimates the bill, the utility shall indicate on the bill that the amount owed is an estimated amount.

(3) When service is rendered for less than 50 percent of the normal billing cycle, the utility shall prorate the base facility charges as though the normal billing cycle were 30 days, except that the utility may elect not to issue an initial bill for service if the service is rendered during a time period which is less than 50 percent of the normal billing cycle. Instead, the utility may elect to combine the amount owed for the service rendered during the initial time period with the amount owed for the next billing cycle, and issue a single bill for the combined time period. For service taken under flat rate schedules, 50 percent of the normal charges may be applied.

(4) A utility may not consider a customer delinquent in paying his or her bill until the 21st day after the utility has mailed or presented the bill for payment.

(5) Each utility shall establish each point of delivery as an independent customer and shall calculate the amount of the bill accordingly, except where physical conditions make it necessary to use additional meters or points of delivery for one class of service to a single customer on the same premises, or where such multiple meters or delivery points are used for the convenience of the utility.

(6) A utility may not incorporate municipal or county franchise fees into the amount indicated as the cost for service on the customer's bill. Rather, the utility shall show any such franchise fee as a separate item.

(7) The utility shall maintain a record of each customer's account for the most current 2 years so as to permit reproduction of the customer's bills during the time that the utility provided service to that customer.

(8) In the event of unauthorized use of service by a customer, a utility may bill the customer on a reasonable estimate of the service taken. In addition, the utility may assess a fee to defray the cost of restoring service to such a customer provided that the fee is specified in the utility's tariff.

(9) If a utility utilizes the base facility and usage charge rate structure and does not have a Commission authorized vacation rate, the utility shall bill the customer the base facility charge regardless of whether there is any usage.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121 FS. History-Amended 9-14-74, 6-21-79, Formerly 25-10.97, 25-10.097, Amended 11-10-86, 11-30-93.

25-30.340 Adjustment of Bills for Meter Error.

(1) In meter tests made by the Commission or by the utility at the request of the customer (as provided in Rule 25-30.266, F.A.C.) the accuracy of registration of the meter and its performance in service shall be judged by its averaged error. The average meter error shall be considered to be the algebraic average of the errors at the test rate flows set out in Rule 25-30.263, F.A.C. Any adjustment of charges which is made in accordance with this rule shall be based on the average error thus derived.

(2) Fast meters. Whenever a meter tested is found to register fast in excess of the tolerance permitted under Rule 25-30.262, F.A.C., the utility shall refund to the customer the amount billed in error for one half the period from the time the meter was last tested not to exceed twelve (12) months except that if it can be shown that the error was due to some cause, the date of which can be fixed, the overcharge shall be computed back to but not beyond such date, based upon available records. The refund shall not include any part of the minimum charge.

(3) Slow meters.

(a) Except as provided by this paragraph, a utility may backbill in the event that a meter is found to be slow, non-registering or partially registering. A utility may not backbill for any period greater than twelve (12) months from the date it notifies a customer that his or her meter is slow, non-registering or partially registering. If it can be ascertained that the meter was slow, non-registering or partially registering for less than twelve (12) months prior to notification, then the utility may backbill only for the lesser period of time. In any event, the customer may extend the payments of the backbill over the same amount of time for which the utility issued the backbill. Nothing in this subsection shall be construed to limit the application of subsection (5) of this rule.

(b) Whenever a meter tested is found to register slow in excess of the tolerance established under Rule 25-30.262, F.A.C., the utility may bill the customer in accordance with this subsection. If the utility has required a deposit as permitted under Rule 25-30.266, F.A.C., the customer may be billed only for that portion of the unbilled error which is in excess of the deposit retained by the utility.

(c) In the event of a non-registering or a partially registering meter, unless the provisions of subsection (4) of this rule apply, a customer may be billed on an estimated amount based on previous bills for similar usage.

(4) It shall be understood that when a meter is found to be in error in excess of the prescribed accuracy limits, fast or slow, the figure to be used for calculating the amount of refund or charge in subsection (2) or paragraph (3)(b) above shall be that percentage of error as determined by the test.

(5) In the event of unauthorized use, the customer may be billed on a reasonable estimate of the service taken. The utility may assess a fee to defray the cost of restoring service provided such charge is specified in the tariff.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.111 FS. History-Amended 9-12-74, 5-3-82, Formerly 25-10.98, 25-10.098, Amended 11-10-86.

25-30.345 Customer Service Charges.

(1) When a utility has disconnected service for proper cause as specified in Rule 25-30.320, F.A.C., the utility may charge a reasonable fee to defray the cost of restoring service provided that the fee is specified in the utility's tariff.

(2) When an applicant requests temporary service, the utility may charge a reasonable fee pursuant to Rule 25-30.315, F.A.C., to defray the cost of installing and removing facilities and materials.

(3) A utility may have other customer service charges. These are specified in the utility's tariff.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.111 FS. History-Amended 3-6-71, 9-12-74, Formerly 25-10.99, 25-10.099, Amended 11-10-86.

25-30.350 Backbilling.

A utility may not backbill customers for any period greater than 12 months for any undercharge in billing which is the result of the utility's mistake. The utility shall allow the customer to pay for the unbilled service over the same time period as the time period during which the underbilling occurred or some other mutually agreeable time period. The utility shall not recover in a ratemaking proceeding, any lost revenues which inure to the utility's detriment on account of this provision.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121 FS. History-New 11-10-86.

25-30.355 Complaints.

(1) A utility shall make a full and prompt acknowledgement and investigation of all customer complaints and shall respond fully and promptly to all customer requests.

(2) For the purpose of this rule the word "complaint" used in this rule shall mean an objection made to the utility by the customer as to the utility's charges, facilities or service, where the disposal of the complaint requires action on the part of the utility.

(3) Replies to inquiries by the Commission's staff shall be furnished within fifteen (15) days from the date of the inquiry and shall be in writing, if requested.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121 FS. History-Amended 9-12-74, Formerly 25-10.70, 25-10.070, Amended 11-10-86.

25-30.360 Refunds.

(1) Applicability. With the exception of deposit refunds, all refunds ordered by the Commission shall be made in accordance with the provisions of this Rule, unless otherwise ordered by the Commission.

(2) Timing of Refunds. Refunds must be made within 90 days of the Commission's order unless a different time frame is prescribed by the Commission. A timely motion for reconsideration temporarily stays the refund, pending the final order on the motion for

reconsideration. In the event of a stay pending reconsideration, the timing of the refund shall commence from the date of the order disposing of any motion for reconsideration. This rule does not authorize any motion for reconsideration not otherwise authorized by Chapter 25-22, F.A.C.

(3) Basis of Refund. Where the refund is the result of a specific rate change, including interim rate increases, and the refund can be computed on a per customer basis, that will be the basis of the refund. However, where the refund is not related to specific rate changes, such as a refund for overearnings, the refund shall be made to customers of record as of a date specified by the Commission. In such case, refunds shall be made on the basis of usage. Per customer refund refers to a refund to every customer receiving service during the refund period. Customer of record refund refers to a refund to every customer receiving service as of a date specified by the Commission.

(4) Interest.

(a) In the case of refunds which the Commission orders to be made with interest, the average monthly interest rate until refund is posted to the customer's account shall be based on the 30 day commercial paper rate for high grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000 as regularly published in the Wall Street Journal.

(b) This average monthly interest rate shall be calculated for each month of the refund period:

1. By adding the published interest rate in effect for the last business day of the month prior to each month of the refund period and the published rate in effect for the last business day of each month of the refund period divided by 24 to obtain the average monthly interest rate;

2. The average monthly interest rate for the month prior to distribution shall be the same as the last calculated average monthly interest rate.

(c) The average monthly interest rate shall be applied to the sum of the previous month's ending balance (including monthly interest accruals) and the current month's ending balance divided by 2 to accomplish a compounding effect.

(d) Interest Multiplier. When the refund is computed for each customer, an interest multiplier may be applied against the amount of each customer's refund in lieu of a monthly calculation of the interest for each customer. The interest multiplier shall be calculated by dividing the total amount refundable to all customers, including interest, by the total amount of the refund, excluding interest. For the purpose of calculating the interest multiplier, the utility may, upon approval by the Commission, estimate the monthly refundable amount.

(e) Commission staff shall provide applicable interest rate figures and assistance in calculations under this Rule upon request of the affected utility.

(5) Method of Refund Distribution. For those customers still on the system, a credit shall be made on the bill. In the event the refund is for a greater amount than the bill, the remainder of the credit shall be carried forward until the refund is completed. If the customer so requests, a check for any negative balance must be sent to the customer within 10 days of the request. For customers entitled to a refund but no longer on the system, the company shall mail a refund check to the last known billing address except that no refund for less than \$1.00 will be made to these customers.

(6) Security for Money Collected Subject to Refund. In the case of money being collected subject to refund, the money shall be secured by a bond unless the Commission specifically authorizes some other type of security such as placing the money in escrow, approving a corporate undertaking, or providing a letter of credit. The company shall provide a report by the

20th of each month indicating the monthly and total amount of money subject to refund as of the end of the preceding month. The report shall also indicate the status of whatever security is being used to guarantee repayment of the money.

(7) Refund Reports. During the processing of the refund, monthly reports on the status of the refund shall be made by the 20th of the following month. In addition, a preliminary report shall be made within 30 days after the date the refund is completed and again 90 days thereafter. A final report shall be made after all administrative aspects of the refund are completed. The above reports shall specify the following:

- (a) The amount of money to be refunded and how that amount was computed;
- (b) The amount of money actually refunded;
- (c) The amount of any unclaimed refunds; and
- (d) The status of any unclaimed amounts.

(8) Any unclaimed refunds shall be treated as cash contributions-in-aid-of-construction.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.0814, 367.082(2) FS. History-New 8-18-83, Formerly 25-10.76, 25-10.076, Amended 11-30-93.

PART V - RATE ADJUSTMENT CHANGES

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25-30.410 Definitions.

In this part, the following definitions shall apply:

(1) An applicant is a utility system, either water or wastewater which seeks Commission approval for a rate increase for service to its customers.

(2) Customer classification refers to that service provided by the utility at rates which reflect a difference between types of customers, such as residential, industrial, wholesale, or general.

Specific Authority 367.121 FS. Law Implemented 367.121 FS. History-New 11-10-86.

25-30.415 Minimum Return on Common Equity.

(1) The Commission will establish, at least once each year, a leverage scale or scales that reflect the range of returns on common equity as required by Section 367.081(4)(f), F.S.

(2) In determining the range of returns on common equity, the Commission may consider generally accepted financial models.

Specific Authority 367.121(1) FS. Law Implemented 367.081(4) FS. History-New 3-26-81, Formerly 25-10.186, Amended 11-10-86, 7-20-87.

25-30.420 Establishment of Price Index, Adjustment of Rates; Requirement of Bond; Filings After Adjustment; Notice to Customers.

(1) The Commission shall, on or before March 31 of each year, establish a price increase or decrease index as required by Section 367.081(4)(a), F.S. The Division of the Commission Clerk and Administrative Services shall mail each regulated water and wastewater utility a copy of the proposed agency action order establishing the index for the year and a copy of the application. Form PSC/ECR 15 (4/99), entitled "Index Application", is incorporated into this rule by reference and may be obtained from the Commission's Division of Economic Regulation. Applications for the newly established price index will be accepted from April 1 of the year the index is established through March 31 of the following year.

(a) The index shall be applied to all operation and maintenance expenses, except for amortization of rate case expense, costs subject to pass-through adjustments pursuant to Section 367.081(4)(b), F.S., and adjustments or disallowances made in a utility's most recent rate proceeding.

(b) In establishing the price index, the Commission will consider cost statistics compiled by government agencies or bodies, cost data supplied by utility companies or other interested parties, and applicable wage and price guidelines.

(2) Any utility seeking to increase or decrease its rates based upon the application of the index established pursuant to subsection (1) and as authorized by Section 367.081(4)(a), F.S., shall file an original and five copies of a notice of intention and the materials listed in (a) through (i) below with the Commission's Division of Economic Regulation at least 60 days prior to the effective date of the increase or decrease. The adjustment in rates shall take effect on the date specified in the notice of intention unless the Commission finds that the notice of intention or accompanying materials do not comply with the law, or the rules or orders of the Commission. The notice shall be accompanied by:

(a) Revised tariff sheets;

(b) A computation schedule showing the increase or decrease in annual revenue that will result when the index is applied;

(c) The affirmation required by Section 367.081(4)(c), F.S.;

(d) A copy of the notice to customers required by subsection (6);

(e) The rate of return on equity that the utility is affirming it will not exceed pursuant to Section 367.081(4)(c), F.S.;

(f) An annualized revenue figure for the test year used in the index calculation reflecting the rate change, along with an explanation of the calculation, if there has been any change in the utility's rates during or subsequent to the test year;

(g) The utility's Department of Environmental Protection Public Water System identification number and Wastewater Treatment Plant Operating Permit number.

(h) A statement that the utility does not have any active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection (DEP) or the County Health Department(s) or that the utility does have active written complaints, corrective orders, consent orders, or outstanding citations with the DEP or the County Health Department(s).

(i) A copy of any active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection (DEP) or the County Health Department(s).

(3) If the Commission, upon its own motion, implements an increase or decrease in the rates of a utility based upon the application of the index established pursuant to subsection (1) and as authorized by Section 367.081(4)(a), F.S., the Commission will require a utility to file the information required in subsection (2).

(4) Upon a finding of good cause, the Commission may require that a rate increase pursuant to Section 367.081(4)(a), F.S., be implemented under a bond or corporate undertaking in the same manner as interim rates. For purposes of this subsection, "good cause" shall include:

(a) Inadequate service by the utility;

(b) Inadequate record-keeping by the utility such that the Commission is unable to determine whether the utility is entitled to implement the rate increase or decrease under this rule.

(5) Prior to the time a customer begins consumption at the rates established by application of the index, the utility shall notify each customer of the increase or decrease authorized and explain the reasons therefor.

(6) No utility shall file a notice of intention pursuant to this rule unless the utility has on file with the Commission an annual report as required by subsection 25-30.110(3), F.A.C., for the test year specified in the order establishing the index for the year.

(7) No utility shall implement a rate increase pursuant to this rule within one year of the official date that it filed a rate proceeding, unless the rate proceeding has been completed or terminated.

Specific Authority 350.127(2), 367.081(4)(a), 367.121(1)(c), (f) FS. Law Implemented 367.081(4), 367.121(1)(c), (g) FS. History-New 4-5-81, Amended 9-16-82, Formerly 25-10.185, Amended 11-10-86, 6-5-91, 4-18-99, 12-11-03.

25-30.425 Pass Through Rate Adjustment.

The verified notice to the Commission of an adjustment of rates under the provisions of Section 367.081(4)(b), F.S., shall be made in the following manner:

(1) Prior to an adjustment in rates because of an increase or decrease in purchased utility service, the utility shall file:

(a) A certified copy of the order, ordinance or other evidence whereby the rates for utility service are increased or decreased by the governmental agency or by a water or wastewater utility regulated by the Commission, along with evidence of the utility service rates of that governmental agency or water or wastewater utility in effect on January 1 of each of the three preceding years.

(b) A statement setting out by month the charges for utility services purchased from the governmental agency or regulated utility for the most recent 12-month period.

(c) 1. A statement setting out by month the gallons of water or wastewater treatment purchased from the governmental agency or regulated utility for the most recent 12-month period. If wastewater treatment service is not based on a metered flow, the number of units by which the service is measured shall be stated.

2. A statement setting out by month gallons of water and units of wastewater service sold by the utility for the most recent 12-month period.

(d) A statement setting out by month the gallons of water or wastewater treatment purchased from any other government entity or utility company.

(e) A statement setting out by month the gallons of water pumped or wastewater treated by the utility filing the verified notice.

(f) If the total water available for sale is in excess of 110% of the water sold, a statement explaining the unaccounted for water.

(2) Prior to an adjustment in rates because of an increase or decrease in the charge for electric power the utility shall file with the Commission:

(a) A certified copy of the order, ordinance or other evidence which establishes that the rates for electric power have been increased or decreased by the supplier, along with evidence of the electric power rates of the supplier in effect on January 1 of each of the three preceding years.

(b) A schedule showing, by month, the charges for electric power and consumption for the most recent 12 month period, the charges that would have resulted had the new electric rates been applied, and the difference between the charges under the old rates and the charges under the new rates.

(c) A statement outlining the measures taken by the utility to conserve electricity.

(3) Prior to an adjustment in rates because of an increase or decrease in ad valorem taxes the utility shall file with the Commission:

(a) A copy of the ad valorem tax bills which increased or decreased and copies of the previous three years' bills; if copies have been submitted previously, a schedule showing the tax total only is acceptable; and

(b) A calculation of the amount of the ad valorem taxes related to that portion of the water or wastewater plant not used and useful in providing utility service.

(4) Prior to an adjustment in rates because of an increase or decrease in the costs of water quality or wastewater quality testing required by the Department of Environmental Protection (DEP), or because of an increase or decrease in the fees charged by DEP in connection with the National Pollutant Discharge Elimination System Program, the utility shall file with the Commission:

(a) A copy of the invoice for testing;

(b) Calculation of the amortized amount.

(5) In addition to subsections (1), (2), (3), and (4) above, the utility shall also file:

(a) A schedule of proposed rates which will pass the increased or decreased costs on to the customers in a fair and nondiscriminatory manner and on the basis of current customers, and a calculation showing how the rates were determined;

(b) A statement, by class of customer and meter size, setting out by month the gallons of water and units of wastewater service sold by the utility for the most recent 12 month period. This statement shall not be required in filings for the pass through of increased regulatory assessment fees or ad valorem taxes;

(c) The affirmation reflecting the authorized rate of return on equity required by Section 367.081(4)(c), F.S.;

(d) A copy of the notice to customers required by subsection (7) of this rule;

(e) Revised tariff sheets reflecting the increased rates;

(f) The rate of return on equity that the utility is affirming it will not exceed pursuant to Section 367.081(4)(c), F.S.; and

(g) The utility's DEP Public Water System identification number and Wastewater Treatment Plant Operating Permit number;

(6) The amount authorized for pass through rate adjustments shall not exceed the actual cost incurred and shall not exceed the incremental increase or decrease for the 12-month period. Foregone pass through decreases shall not be used to adjust a pass through increase below the actual cost incurred.

(7) In order for the Commission to determine whether a utility which had adjusted its rates pursuant to Section 367.081(4)(b), F.S., has thereby exceeded the range of its last authorized rate of return, the Commission may require a utility to file the information required in Rule 25-30.437, F. A. C., for the test year specified.

(8) Prior to the time a customer begins consumption at the adjusted rates, the utility shall notify each customer of the increase authorized and explain the reasons for the increase.

(9) The utility shall file an original and five copies of the verified notice and supporting documents with the Division of Economic Regulation. The rates shall become effective 45 days after the official date of filing. The official date of filing for the verified notice to the Commission of adjustment in rates shall be at least 45 days before the new rates are implemented.

Specific Authority 350.127(2), 367.121(1)(c), (f) FS. Law Implemented 367.081(4), 367.121(1)(c), (g) FS. History-New 6-10-75, Amended 4-5-79, 4-5-81, 10-21-82, Formerly 25-10.179, Amended 11-10-86, 6-5-91, 4-18-99.

25-30.430 Test Year Approval.

(1) Prior to the filing of an application for a general rate increase, a utility shall submit to the Commission a written request for approval of a test year, supported by a statement of reasons and justifications showing that the requested test year is representative of utility operations. The Commission Chairman will then approve or disapprove the request within 30 days from the receipt of the request. In disapproving the requested test year, the Chairman may suggest another test year. Within 30 days of the Chairman's approval or disapproval of a test year, upon request of any interested person the full Commission may review the Chairman's test year decision.

(2) Each applicant for test year approval shall submit the following information in its written request to the Chairman:

(a) A statement explaining why the requested test year is representative of the utility's current operations.

(b) A general statement of major plant expansions or changes in operational methods which:

1. Have occurred in the most recent 18 months or since the last test year, whichever is less;
2. Will occur during the requested test year.

(c) A general statement of all known estimated pro forma adjustments which will be made to the requested test year amounts.

(d) If a projected test year is requested, provide an explanation as to why the projected period is more representative of the utility's operations than a historical period.

(3) Any requests for extensions of time to file the application shall be made to the Director, Division of Economic Regulation. Upon good cause shown and if the extension will not cause the approved test year to be unrepresentative, the Director shall grant an extension in writing.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081 FS. History-New 6-10-75, Amended 6-13-79, 3-26-81, 9-27-83, Formerly 25-10.175, Amended 11-10-86, 6-25-90, 11-30-93.

25-30.431 Used and Useful Consideration.

(1) In determining whether property is needed to serve customers more than five full years after the end of the test period as provided by Section 367.081(2)(a)2.c., F.S. (1999), the Commission shall consider the rate of growth in the number of equivalent residential connections (ERCs); the time needed to meet the guidelines of the Department of Environmental Protection (DEP) for planning, designing, and construction of plant expansion; and the technical and economic options available for sizing increments of plant expansion.

(2)(a) Property needed to serve customers after the end of the test year shall be calculated as follows:

$$EG \times PT \times U = PN$$

where:

EG = Equivalent Annual Growth in ERCs determined pursuant to paragraph (b) or (c) below, not to exceed 5 percent per year

PT = Post Test Year Period determined pursuant to Section 367.081(2)(a)2.b. and c., F.S. (1999)

U = Unit of measurement utilized in the used and useful calculations for plant components

PN = Property needed expressed in the units of measurement utilized

(b) The equivalent annual growth in ERCs (EG) is measured in terms of the projected annual growth and shall be calculated in Schedules F-9 and F-10 of Form PSC/WAW 19 for Class A utilities and Form PSC/WAW 20 for Class B utilities, incorporated by reference in Rule 25-30.437, F.A.C.

(c) The utility shall also submit a linear regression analysis using average ERCs for the last 5 years. The utility may submit other information that will affect growth in ERCs.

(3) As part of its application filed pursuant to Rule 25-30.437, F.A.C., the utility shall submit its most recent wastewater capacity analysis report, if any, filed with DEP.

Specific Authority 367.121 FS. Law Implemented 367.081(2)(a)2.b., c. FS. History-New 12-14-99.

25-30.432 Wastewater Treatment Plant Used and Useful Calculations.

The flow data to be used in the numerator of the equation for calculating the used and useful percentage of a wastewater treatment plant shall be the same period or basis (such as annual average daily flow, three-month average daily flow, maximum month average daily flow) as the period or basis stated for the permitted capacity on the most recent operating permit issued by the Florida Department of Environmental Protection (DEP). The DEP permitted capacity shall be used in the denominator of the equation. In determining the used and useful amount, the Commission will also consider other factors such as the allowance for growth pursuant to Section 367.081(2)(a)2., F.S., infiltration and inflow, the extent to which the area served by the plant is built out, whether the permitted capacity differs from the design capacity, whether there are differences between the actual capacities of the individual components of the wastewater treatment plant and the permitted capacity of the plant, and whether flows have decreased due to conservation or a reduction in the number of customers. This rule does not apply to reuse projects pursuant to Section 367.081(3), F.S., or investment for environmental compliance pursuant to Section 367.081(2)(a)2.c., F.S.

Specific Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 367.081(2) FS. History-New 12-26-02.

25-30.433 Rate Case Proceedings.

In a rate case proceeding, the following provisions shall apply, unless the applicant or any intervenor demonstrates that these rules result in an unreasonable burden. In these instances, fully supported alternatives will be considered by the Commission. Any alternatives proposed by the utility must be filed with the minimum filing requirements.

(1) The Commission in every rate case shall make a determination of the quality of service provided by the utility. This shall be derived from an evaluation of three separate components of water and wastewater utility operations: quality of utility's product (water and wastewater); operational conditions of utility's plant and facilities; and the utility's attempt to address customer satisfaction. Sanitary surveys, outstanding citations, violations and consent orders on file with the Department of Environmental Protection (DEP) and county health departments (HRS) or lack thereof over the preceding 3-year period shall also be considered. DEP and HRS officials' testimony concerning quality of service as well as the testimony of utility's customers shall be considered.

(2) Working capital for Class A utilities shall be calculated using the balance sheet approach. Working capital for Class B and C utilities shall be calculated using the formula method (one-eighth of operation and maintenance expenses).

(3) Used and useful debit deferred taxes shall be offset against used and useful credit deferred taxes in the capital structure. Any resulting net debit deferred taxes shall be included as a separate line item in the rate base calculation. Any resulting net credit deferred taxes shall be included in the capital structure calculation. No other deferred debits shall be considered in rate base when the formula method of working capital is used.

(4) The averaging method used by the Commission to calculate rate base and cost of capital shall be a 13-month average for Class A utilities and the simple beginning and end-of-year average for Class B and C utilities.

(5) Non-used and useful adjustments shall be applied to the applicable depreciation expense. Property tax expense on non-used and useful plant shall not be allowed.

(6) Charitable contributions shall not be recovered through rates.

(7) Income tax expense shall not be allowed for Subchapter S corporations, partnerships or sole proprietorships.

(8) Non-recurring expenses shall be amortized over a 5-year period unless a shorter or longer period of time can be justified.

(9) The amortization period for forced abandonment or the prudent retirement, in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts, of plant assets prior to the end of their depreciable life shall be calculated by taking the ratio of the net loss (original cost less accumulated depreciation and contributions-in-aid-of-construction (CIAC) plus accumulated amortization of CIAC plus any costs incurred to remove the asset less any salvage value) to the sum of the annual depreciation expense, net of amortization of CIAC, plus an amount equal to the rate of return that would have been allowed on the net invested plant that would have been included in rate base before the abandonment or retirement. This formula shall be used unless the specific circumstances surrounding the abandonment or retirement demonstrate a more appropriate amortization period.

(10) A utility is required to own the land upon which the utility treatment facilities are located, or possess the right to the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.

(11) In establishing an authorized rate of return on common equity, a utility, in lieu of presenting evidence, may use the current leverage formula adopted by Commission order. The equity return established shall be based on the equity leverage order in effect at the time the Commission decides the case.

(12) Nonutility investment should be removed directly from equity when reconciling the capital structure to rate base unless the utility can show, through competent evidence, that to do otherwise would result in a more equitable determination of the cost of capital for regulatory purposes.

(13) Interest expense to be included in the calculation of income tax expense shall be the amount derived by multiplying the amount of the debt components of the reconciled capital structure times the average weighted cost of the respective debt components. Interest expense shall include an amount for the parent debt adjustment in those cases covered by Rule 25-14.004, F.A.C. Interest shall also be imputed on deferred investment tax credits in those cases covered by 26 CFR Part 1, s. 1.46-6(b)(2)(i), (3) and (4)(ii) issued May 22, 1986 and effective for property constructed or acquired on or after August 15, 1971.

Specific Authority 350.127(2), 367.121, 367.1213 FS. Law Implemented 367.081, 367.1213 FS. History-New 11-30-93, Amended 12-14-93.

25-30.434 Application for Allowance for Funds Prudently Invested (AFPI) Charges.

(1) An Allowance for Funds Prudently Invested (AFPI) charge is a mechanism which allows a utility the opportunity to earn a fair rate of return on prudently constructed plant held for future use from the future customers to be served by that plant in the form of a charge paid by those customers.

(2) Each application for AFPI charges shall comply with the notice requirements specified in Rule 25-30.4345, F.A.C.

(3) Each application for AFPI charges shall provide the following information. If any of the following items do not apply to the applicant, the applicant shall state the reason it does not apply.

(a) The applicant's name and address.

(b) A statement describing how the noticing requirements have been complied with, including a copy of the actual notice(s).

(c) The numbers of all Commission order(s) that:

1. previously established customer rates for the applicant either in a rate case or a reverse make-whole proceeding; and
2. established AFPI charges for the applicant.

(d) The charge shall be calculated for one equivalent residential connection (ERC) on a monthly basis up to the time the utility reaches the designed capacity of the plant for which the charge applies. The charges shall cease when the plant has reached its designed capacity.

(e) A statement explaining the basis for the requested charges and conditions.

(f) The dollar amount of the non-used and useful plant and the accumulated depreciation, and the methodology used to determine these amounts. The net of these two amounts shall be considered the cost of qualifying assets. Separate balances for plant and for accumulated depreciation shall be reported for the water treatment plant, wastewater treatment plant, water transmission and distribution system and wastewater collection system.

(g) The plant capacity related to each of the systems in (f) above and the methodology used to determine the amount.

(h) The number of future customers in number of ERCs related to the non-used and useful plant by system.

(i) The amount of depreciation expense and composite depreciation rate related to the non-used and useful plant by system.

(j) The overall rate of return requested for the AFPI charge and the workpapers supporting the calculation.

(k) The last authorized rate of return on equity and references to the docket number of the last rate case and the resulting order.

(l) The state and federal income tax rates requested for calculating the AFPI charge.

(m) All other costs such as non-used and useful property taxes and operation and maintenance expenses removed in the last rate case.

(n) The test year to be used in the calculation, the month that the utility expects the charge to go into effect and the number of years the utility expects to collect the charge. Provide a detailed explanation of why the number of years to collect the charge represents a reasonable and prudent management decision in the construction of plant.

(o) The workpapers and calculations used to develop the proposed AFPI charge. The utility may obtain a diskette that outlines the calculation and schedules to be used by calling or writing the Bureau of Rate Cases, Division of Economic Regulation, (850) 413-6900. The required schedules that shall be submitted are "AFPI Filing Schedules", Commission Form PSC/ECR 26 (11/93), incorporated by reference into this rule, and are as follows:

Schedule 1 - List of Information Imputed Into Calculation

Schedule 2 - Calculation Of Carrying Costs Per ERC

Schedule 3 - Calculation Of Carrying Costs Per ERC Per Year

Schedule 4 - Calculation Of Carrying Costs Per ERC Per Month

The form may be obtained from the Commission's Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(p) The revised or original tariff sheets necessary to incorporate the AFPI charge into the tariff.

(4) The beginning date for accruing the AFPI charge shall agree with the month following the end of the test year that was used to establish the amount of non-used and useful plant. If any connections have been made between the beginning date and the effective date of the charge, no AFPI will be collected from those connections.

(5) Unless the utility demonstrates that the 5-year period is inappropriate, it is prudent for a utility to have an investment in future use plant for a period of no longer than 5 years beyond the test year.

(6) For utilities that have non-used and useful plant to be held for periods longer than what is determined to be prudent, the AFPI charge will cease accruing charges and will remain constant after the accrual period, established by the Commission, has expired. The utility can continue to collect the constant charge until all ERCs projected in the calculation have been added.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.121 FS. History-New 11-30-93.

25-30.4345 Notice of Requests for New or Revised Service Availability Charges or Policies and Notice of Requests for Allowance for Funds Prudently Invested (AFPI) Charges.

(1) This rule applies to all requests for new or revised service availability charges or policies and to all requests for allowance for funds prudently invested (AFPI) charges made by water and wastewater utilities, including those requests made in conjunction with a request for a general rate increase.

(2) Upon filing an application for new or revised service availability charges or policies or an application for AFPI charges, the utility shall place a copy of the application at its official headquarters and at any business offices it has in the service areas included in the request. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in a service area included in the request, the utility shall place a copy of the application at the main county library, the local community center or other appropriate location which is within or most convenient to the service area and which is willing to accept and provide public access to said copies. The Commission may require that copies of the application be placed at other specified locations.

(3)(a) Upon filing an application for new or revised service availability charges or policies or an application for AFPI charges, the utility shall have published a notice of application in a newspaper of general circulation in the service areas included in the petition.

(b) Upon filing an application for new or revised service availability charges or policies or an application for AFPI charges, the utility shall mail or hand deliver a notice of application to all persons in the service areas included in the application who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the application is filed.

(c) The Commission may require such other notice as it finds reasonably necessary.

(d) The notice of petition shall include the following:

1. The date the notice was issued;

2. A statement that the utility has filed a petition for new or revised service availability charges or policies or AFPI charges with the Commission;

3. A statement that the requested service availability charge or AFPI charge is to pay for growth in the utility system and the requested charges are to be paid by new, not existing, customers;

4. A statement of the locations where copies of the application are available for public inspection and the times during which inspection may be made;

5. A comparison of the present and proposed policy and charges;

6. The utility's address, telephone number and business hours; and

7. A statement that any comments concerning the policy or charges should be addressed to the Director of the Commission Clerk and Administrative Services at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870.

Specific Authority 350.127(2), 367.121 (1)(f) FS. Law Implemented 367.101, 367.111, 367.091 FS. History-New 5-27-93, Formerly 25-22.0408.

25-30.435 Application for Rate Increase.

Specific Authority 367.121 FS. Law Implemented 367.081 FS. History-New 11-9-86, Repealed 6-25-90.

25-30.436 General Information and Instructions Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase.

(1) Each applicant for a rate increase shall provide the following general information to the Commission:

(a) The name of the applicant as it appears on the applicant's certificate and the address of the applicant's principal place of business;

(b) The type of business organization under which the applicant's operations are conducted; if the applicant is a corporation, the date of incorporation; the names and addresses of all persons who own 5 percent or more of the applicant's stock or the names and addresses of the owners of the business.

(c) The number of the Commission order, if any, which previously considered the applicant's rates for the system(s) involved.

(d) The address within the service area where the application is available for customer inspection during the time the rate application is pending.

(e) Where the utility requests rates which generate less than a fair rate of return, it must provide a statement of assurance that its quality of service will not suffer.

(f) An affidavit signed by an officer of the utility that states that the utility will comply with Rule 25-22.0407, F.A.C.

(g) A statement whether the applicant requests to have the case processed using the proposed agency action procedure outlined in Section 367.081(8), F.S.

(2) The applicant's petition for rate relief will not be deemed filed until the appropriate filing fee has been paid and all minimum filing requirements have been met, including filing of the applicant's prepared direct testimony unless the applicant has filed its petition pursuant to Section 367.081(8), F.S. At a minimum, the direct testimony shall explain why the rate increase is necessary and address those areas anticipated at the time of filing to be at issue.

(3) The applicant shall state any known deviation from the policies, procedures and guidelines prescribed by the Commission in relevant rules or in the company's last rate case.

(4) In the rate case application:

(a) Each schedule shall be cross-referenced to identify related schedules as either supporting schedules or recap schedules.

(b) Each page of the filing shall be consecutively numbered on 8 1/2 x 11-inch paper.

(c) Except for handwritten official company records, all data in the petition, exhibits and minimum filing requirements shall be typed.

(d) Sixteen copies shall to be filed with the Commission's Division of the Commission Clerk and Administrative Services, except as specifically identified in paragraph (4)(h) below or in Rule 25-30.437, 25-30.4385 or 25-30.440, F.A.C.

(e) Whenever the applicant proposes any corrections, updates or other changes to the originally filed data, 20 copies shall be filed with the Division of the Commission Clerk and Administrative Services with copies also served on all parties of record at the same time.

(f) If the capital structure contains zero or negative equity, a return on equity shall be requested, which shall be the maximum of the return of the current equity leverage formula established by order of this Commission pursuant to Section 367.081(4), F.S.

(g) The provisions of Rule 25-30.433, F.A.C., shall be followed in preparing the utility's application.

(h) Any system that has costs allocated or charged to it from a parent, affiliate or related party, in addition to those costs reported on Schedule B-12 of Commission Form PSC/ECR 19 for a Class A utility, or PSC/ECR 20 for a Class B utility, (incorporated by reference in Rule 25-30.437, F.A.C.) shall file three copies of additional schedules that show the following information:

1. The total costs being allocated or charged prior to any allocation or charging as well as the name of the entity from which the costs are being allocated or charged and its relationship to the utility.

2. For costs allocated or charged to the utility in excess of one percent of test year revenues:

- a. A detailed description and itemization; and

- b. The amount of each itemized cost.

3. The allocation or direct charging method used and the bases for using that method.

4. The workpapers used to develop the allocation method, including but not limited to the numerator and denominator of each allocation factor.

5. The workpapers used to develop, where applicable, the basis for the direct charging method.

6. An organizational chart of the relationship between the utility and its parent and affiliated companies and the relationship of any related parties.

7. A copy of any contracts or agreements between the utility and its parent or affiliated companies for services rendered between or among them.

(i) For any land recorded on the utility's books since rate base was last established, the utility shall file copies of the documents that demonstrate that the utility owns the land upon which the utility treatment facilities are located, or that provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.

(5) Commission Designee. The Director of the Division of Economic Regulation shall be the designee of the Commission for purposes of determining whether the applicant has met the minimum filing requirements imposed by this rule.

(6) Within 60 days after the issuance of a final order entered in response to an application for increased rates, or, if applicable, within 60 days after the issuance of an order entered in response to a motion for reconsideration of the final order, each utility shall submit a breakdown of actual rate case expense incurred, in total, in a manner consistent with Schedule No. B-10 (PSC/ECR Form 19 or 20, whichever is applicable, as described in Rule 25-30.437, F.A.C.). If the deadline prescribed above cannot be met, an extension shall be granted by the Director of the Division of Economic Regulation for good cause shown.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.083, 367.121 FS. History-New 11-10-86, Amended 6-25-90, 11-30-93, 1-31-00.

25-30.437 Financial, Rate and Engineering Information Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase.

Each Class A or B utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 19 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements", or PSC/ECR 20 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements", whichever is applicable. These forms are incorporated into this rule by reference and may be obtained from the Director, Division of Economic Regulation, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. In compiling the required schedules, additional instructions are set forth below:

(1) Each section of this form shall be indexed and tabbed, including a table of contents listing the page numbers of each schedule.

(2) If information requested in the form described above is not applicable to the applicant, so state and provide an explanation of the specific schedule.

(3) If a projected test year is used, provide a complete set of Commission Form PSC/ECR 19 (for Class A utilities) or PSC/ECR 20 (for Class B utilities) (as described above) which require a designation of historical or projected information. Such schedules shall be submitted for the historical base year, and any year subsequent to the base year and prior to the projected test year, in addition to the projected test year. If no designation is shown on a schedule, submit that schedule for the test year only. In lieu of providing separate pages for the above required schedules, the information required can be combined on the same page by adding additional columns. In the rate base schedules, Section A, the beginning and end of year balances shall be shown. For any intermediate period or year, only the year-end balance shall be shown. A schedule shall also be included which describes in detail all methods and bases of projection, explaining the justification for each method or basis employed. If an historical test year is used, Schedule E-13 is not required.

(4) Only two copies of Schedule E-14, entitled Billing Analysis Schedules, shall be filed with the application. Each copy shall be submitted in a separate binder from the other required information.

(5) If a petition for interim rates is filed, a utility shall demonstrate that it is earning outside the range of reasonableness on rate of return calculated in accordance with Section 367.082(5), F.S. In doing such, the utility shall submit schedules of rate base, cost of capital and net operating income on an historical basis, with schedules of all adjustments thereto, consistent with Commission Form PSC/ECR 19 (for a Class A utility) or PSC/ECR 20 (for a Class B utility), (described above).

(6) In proposing rates, the utility shall use the base facility and usage charge rate structure, unless an alternative rate structure is adequately supported by the applicant. The base facility charge incorporates fixed expenses of the utility and is a flat monthly charge. This charge is applicable as long as a person is a customer of the utility, regardless of whether there is any usage. The usage charge incorporates variable utility expenses and is billed on a per 1,000 gallon or 100 cubic feet basis in addition to the base facility charge. The rates are first established with the 5/8 " x 3/4" meter as the foundation. For meter sizes larger than 5/8", the base facility charge shall be based on the usage characteristics.

Specific Authority 367.121 FS. Law Implemented 367.081, 367.082 FS. History-New 6-10-75, Amended 10-16-77, 3-26-81, Formerly 25-10.176, Amended 11-10-86, 6-25-90, 11-30-93.

25-30.438 Information Required in Application for Rate Increase From Utilities With Related Parties.

If the system for which a rate increase is sought has a "related party" which is a land developing company, the applicant shall, for the system(s) concerned, submit copies of the developer's offering statements as filed with the Division of Land Sales, Department of Business Regulation. "Related party" is defined by Financial Accounting Standards Board, FASB 57, App. B paragraph 24(f), March 1982. Developer's offering statements submitted to the Commission in a prior docket may be eliminated from this filing by indicating the docket number the offering statement(s) were filed in. In addition, the applicant shall submit a statement relative to the amount of the land sales purchase price which is allocated for the cost of constructing the applicant's facilities, the amount for connection collected from the purchasers or lots, or any water or wastewater service availability charges.

Specific Authority 367.121 FS. Law Implemented 367.081 FS. History-New 11-10-86.

25-30.4385 Additional Rate Information Required in Application for Rate Increase.

The utility shall file an original and three copies of all revised tariff sheets for each service classification in which any change is proposed, except those tariff sheets in which the only change is to the service rates.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.121 FS. History-New 11-30-93.

25-30.439 Rate Information Required in Application for Rate Increase.

Specific Authority 367.121 FS. Law Implemented 367.081 FS. History-New 11-9-86, Repealed 6-25-90.

25-30.440 Additional Engineering Information Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase.

Each applicant for a rate increase shall provide two copies of the following engineering information to the Commission, with the exception of item (1), of which only one copy is required.

(1) A detailed map showing:

(a) The location and size of the applicant's distribution and collection lines as well as its plant sites, and

(b) The location and respective classification of the applicant's customers.

(2) A list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized.

(3) The most recent chemical analyses for each water system conducted by a certified laboratory covering the inorganic, organic turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 17-550, F.A.C.

(4) All water and wastewater plant operating reports for the test year and the year preceding the test year.

(5) The most recent sanitary survey for each water plant and inspection report for each wastewater plant conducted by the health department or the Department of Environmental Protection (DEP).

(6) All health department and DEP construction and operating permits.

(7) Any Notices of Violation, Consent Orders, Letters of Notice, or Warning Notices from the health department or the DEP since the utility's last rate case or the previous five years, whichever is less.

(8) A list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employees' salary allocation method to the utility's capital or expense accounts.

(9) A list, by serial number and description, of all vehicles owned or leased by the utility showing the original cost or annual lease expense, who the vehicle is assigned to, and the method of allocation to the utility.

(10) Provide a list, by customer, of all complaints received during the test year, with an explanation of how each complaint was resolved.

Specific Authority 367.121 FS. Law Implemented 367.081 FS. History-New 11-10-86, Amended 6-25-90.

25-30.441 Engineering Information Required in Application for Rate Increase by Utilities Seeking to Recover the Cost of Investment for Plant Construction Required by Governmental Authority.

Specific Authority 367.121 FS. Law Implemented 367.081 FS. History-New 11-10-86, Repealed 11-30-93.

25-30.4415 Additional Information Required in Application for Rate Increase by Utilities Seeking to Recover the Cost of Investment in the Public Interest.

If an applicant proposes to include in its plant investment the cost of investment made in the public interest pursuant to Section 367.081(2), F.S., which investment was or will be required by agency rule, regulation, order or other regulatory directive, the applicant shall provide the following information to the Commission:

(1) A copy of the rule, regulation, order, or other regulatory directive that has required or will require the applicant to make the improvement or the investment for which the applicant seeks recovery.

(2) An estimate by a professional engineer, or other person knowledgeable in design and construction of water and wastewater plant, to establish the cost of the applicant's investment and the period of time required for completion of construction.

(3) An analysis showing the portion of the proposed rate increase that relates to the financial support for the investment or improvement.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.121 FS. History-New 11-30-93.

25-30.442 Duplicate Information.

If the applicant believes the information required is currently on file with the Commission the applicant may request that it be exempted from filing the information. The request should be made to the Director of Economic Regulation, with a copy filed directly with the Division of the Commission Clerk and Administrative Services, and should specify which particular information is already on file, in what document it is contained, and that it is still current, valid information.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.121 FS. History-New 11-10-86, Amended 6-25-90.

25-30.443 Minimum Filing Requirements for Class C Water and Wastewater Utilities.

(1) A Class C Utility seeking a rate increase shall submit an application which contains the information required by Rules 25-30.436, 25-30.4385, 25-30.440, 25-30.44151, and 25-30.442, F.A.C.

(2) Each Class C Utility seeking a rate increase shall also provide the information required by Commission Form PSC/ECR 18 (6/90), entitled "Financial, Rate and Engineering Minimum Filing Requirements - Class C Utilities" which is incorporated into this rule by reference. The form may be obtained from the Director, Division of Economic Regulation, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. In compiling the required schedules, additional instructions are set forth below:

(a) Each section of this form shall be indexed and tabbed, including a table of contents listing the page numbers of each schedule.

(b) If information requested in the form described above is not applicable to the applicant, so state and provide an explanation on the specific schedule.

(c) If a projected test year is used, provide a complete set of the Commission Form PSC/ECR 18 (6/90), entitled "Financial, Rate and Engineering Minimum Filing Requirements - Class C Utilities" (as described above) which require a designation of historical or projected information. Such schedules shall be submitted for the historical base year, and any projected year subsequent to the base year and prior to the projected test year, in addition to the projected year. If no designation is shown on a schedule, submit that schedule for the test year only. In lieu of providing separate pages for the above required schedules, the information required can be combined on the same page by adding columns. In the rate base schedules, Section A, the beginning and end-of-year balances shall be shown. For any intermediate period or year, only the year-end balance shall be shown. If a historical test year is used, Schedule E-5 will not be required. A schedule shall also be included which describes in detail all methods and bases of projection, explaining the justification for each method or basis employed.

(d) Only two copies of Schedule E-6, entitled Billing Analysis Schedules shall be filed with the application. Each copy shall be submitted in a separate binder from the other required information.

(e) In designing rates, the base facility and usage charge rate structure shall be utilized for metered service.

(3) Within 60 days after the issuance of a final order entered in response to an application for increased rates, or, if applicable, within 60 days after the issuance of an order entered in response to a motion for reconsideration of such final order, each utility shall submit a breakdown of actual rate case expense incurred, in total, in a manner consistent with Schedule No. B-10 (PSC/ECR Form 19, as described in Rule 25-30.437, F.A.C.). If this deadline cannot be met, an extension shall be granted by the Director of the Division of Economic Regulation for good cause shown.

(4) If a petition for interim rates is filed, a utility shall demonstrate that it is earning outside the range of reasonableness on rate of return calculated in accordance with Section 367.082(5), F.S. To demonstrate this, the utility shall submit schedules of rate base, cost of capital and net operating income on an historical basis, with schedules of all adjustments thereto, consistent with Commission Form PSC/ECR 18 (6/90), described above.

(5) If a utility is requesting uniform rates for systems that are not already combined in a uniform rate, the information required by this rule must be submitted on a separate basis for each system that has not already been combined in a uniform rate. For those systems already combined in a uniform rate, the utility should submit the required information as a single system. At a minimum, the following schedules of Form PSC/ECR 18 (6/90), described above, shall be filed on a combined basis for all systems included in the filing: A-1, A-2, A-3, A-16, B-1, B-2, B-3, B-4, B-5, B-10, B-11, B-12, plus all "C", "D" and "E" schedules (no "F" schedules are required).

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.082 FS. History-New 6-25-90, Amended 11-30-93.

25-30.445 General Information and Instructions Required of Water and Wastewater Utilities in an Application for a Limited Proceeding.

(1) Each applicant for a limited proceeding shall provide the following general information to the Commission:

(a) The name of the applicant as it appears on the applicant's certificate and the address of the applicant's principal place of business;

(b) The type of business organization under which the applicant's operations are conducted; if the applicant is a corporation, the date of incorporation; the names and addresses of all persons who own 5 percent or more of the applicant's stock; or the names and addresses of the owners of the business.

(c) The number(s) of the Commission order(s), if any, in which the Commission most recently considered the applicant's rates for the system(s) involved.

(d) The address within the service area where the application is available for customer inspection during the time the rate application is pending.

(e) A statement signed by an officer of the utility that the utility will comply with the noticing requirements in Rule 25-30.446, F.A.C.

(2) In a limited proceeding application:

(a) Each schedule shall be cross-referenced to identify related schedules.

(b) Except for handwritten official company records, all data in the petition and application shall be typed.

(c) The original and seven copies shall be filed with the Division of the Commission Clerk and Administrative Services.

(3) A filing fee as required in Rule 25-30.020, F.A.C., shall be submitted at the time of application.

(4) The following minimum filing requirements shall be filed with the utility's application for limited proceeding for a Class A or B water or wastewater utility:

(a) A detailed statement of the reason(s) why the limited proceeding has been requested.

(b) If the limited proceeding is being requested to recover costs required by a governmental or regulatory agency, provide the following:

1. A copy of any rule, regulation, order or other regulatory directive that has required or will require the applicant to make the improvement or the investment for which the applicant seeks recovery.

2. An estimate by a professional engineer, or other person, knowledgeable in design and construction of water and wastewater plant, to establish the projected cost of the applicant's investment and the period of time required for completion of construction.

(c) A schedule that provides the specific rate base components for which the utility seeks recovery. Supporting detail shall be provided for each item requested, including:

1. The actual or projected cost(s);

2. The date the item will be or is projected to be placed in service;

3. Any corresponding adjustments that are required as a result of adding or removing the requested component(s) from rate base, which may include retirement entries; and

4. Any other relevant supporting information.

(d) If the utility's application includes a request for recovery of plant in service, accumulated depreciation and depreciation expense, supporting detail shall be provided by primary account as defined by the NARUC Uniform System of Accounts, in accordance with Rule 25-30.110, F.A.C.

(e) A calculation of the weighted average cost of capital shall be provided for the most recent 12-month period, using the mid-point of the range of the last authorized rate of return on equity, the current embedded cost of fixed-rate capital, the actual cost of short-term debt, the actual cost of variable-cost debt, and the actual cost of other sources of capital which were used in the last individual rate proceeding of the utility. If the utility does not have an authorized rate of return on equity, the utility shall use the current leverage formula pursuant to Section 367.081(4)(f), F.S.

(f) If the utility is requesting recovery of operating expenses, the following information shall be provided:

1. A detailed description of the expense(s) requested;

2. The total cost by primary account pursuant to the NARUC Uniform System of Accounts;

3. Supporting documentation or calculations; and

4. Any allocations that are made between systems, affiliates or related parties. If allocations are made, submit full detail that shows the total amount allocated, a description of the basis of the allocation methodology, the allocation percentage applied to each allocated cost, and the workpapers supporting the calculation of the allocation percentages.

(g) Calculations for all items that will create cost savings or revenue impacts from the implementation of the requested cost recovery items.

(h) If the utility includes any other items where calculations are required, supporting documentation shall be filed that reflects the calculations or assumptions made.

(i) A calculation of the revenue increase including regulatory assessment fees and income taxes, if appropriate.

(j) Annualized revenues for the most recent 12-month period using the rates in effect at the time the utility files its application for limited proceeding and a schedule reflecting this calculation by customer class and meter size.

(k) A schedule of current and proposed rates for all classes of customers.

(l) Schedules for the most recent 12-month period showing that, without any increased rates, the utility will earn below its authorized rate of return in accordance with Section 367.082, F.S. The schedules shall consist of a rate base, net operating income and cost of capital schedule with adjustments to reflect those consistent with the utility's last rate proceeding.

(m) If the limited proceeding is being requested to change the current rate structure, provide a copy of all workpapers and calculations used to calculate requested rates and allocations between each customer class. The test year should be the most recent 12-month period. In addition, the following schedules, which are incorporated herein by reference, from Form PSC/ECR 19 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements", should be provided. The schedules can be obtained from the Commission's Division of Economic Regulation.

1. Schedule E-2, entitled "Revenue Schedule at Present and Proposed Rates".

2. Schedule E-14, entitled "Billing Analysis Schedules". Only two copies are required.

(n) Revised tariff sheets should not be filed with the application.

(5) In addition to the requirements stated in subsections (1) through (3), the following minimum filing requirements shall be filed with the utility's application for limited proceeding for a Class C water or wastewater utility:

(a) A detailed statement of the reason(s) why the limited proceeding has been requested.

(b) If the limited proceeding is being requested to recover costs required by a governmental or regulatory agency, provide a copy of any rule, regulation, order or other regulatory directive that has required or will require the applicant to make the improvement or the investment for which the applicant seeks recovery.

(c) A schedule that provides the specific rate base components for which the utility seeks recovery, if known. Supporting detail shall be provided for each item requested, including:

1. The actual or projected cost(s);

2. The date the item will be or is projected to be placed in service;

3. Any corresponding adjustments, if known, that are required as a result of adding or removing the requested component(s) from rate base, which may include retirement entries; and

4. Any other relevant supporting information, if known.

(d) If the utility is requesting recovery of operating expenses, provide an itemized description of the expense(s), including the cost and any available supporting documentation or calculations.

(e) Provide a description of any known items that will create cost savings or revenue impacts from the implementation of the requested cost recovery items.

(f) A calculation of the revenue increase including regulatory assessment fees and income taxes, if applicable.

(g) Annualized revenues for the most recent 12-month period using the rates in effect at the time the utility files its application for limited proceeding and a schedule reflecting this calculation by customer class and meter size.

(6) In evaluating whether the utility's request is improper for a limited proceeding, the Commission will consider factors such as:

(a) Whether the utility's filing includes more than 4 separate projects for which recovery is sought and the requested rate increase exceeds 30 percent. Corresponding adjustments for a given project are not subject to the above limitation;

(b) Whether the utility has not had a rate case in more than seven years and the requested rate increase exceeds 30 percent; or

(c) Whether the limited proceeding is filed as the result of the complete elimination of either the water or wastewater treatment process and the requested rate increase exceeds 30 percent.

(7) The utility shall provide a statement in its filing to the Commission which addresses whether the utility's rate base has declined or whether any expense recovery sought by the utility is offset by customer growth since its most recent rate proceeding or will be offset by future customer growth expected to occur within one year of the date new rates are implemented.

(8) A limited proceeding application shall not be filed for underearnings in lieu of a general rate case.

Specific Authority 350.127(2), 367.121(1)(a) FS. Law Implemented 367.081, 367.0822, 367.121(1)(a), 367.145(2) FS. History-New 3-1-04.

25-30.446 Notice of and Public Information for Application for Limited Proceeding Rate Increase.

(1) This rule applies to all requests for limited proceeding rate increases made by a water or wastewater utility.

(2) Upon filing a petition for limited proceeding rate increase, the utility shall mail a copy of the petition to the chief executive officer of the governing body of each municipality and county within the service areas included in the rate request. Each copy of the petition shall be accompanied by a statement that a copy of the minimum filing requirements (MFRs) set forth in Rule 25-30.445, F.A.C., when accepted by the Commission can be obtained from the petitioner upon request.

(3) Within 30 days after the official date of the filing established by the Commission, the utility shall place a copy of the petition and the MFRs at its official headquarters and at all business offices it has in the service areas included in the rate request. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in a service area included in its rate request, the utility shall place a copy of the petition and the MFRs at the main county library, the local community center or other appropriate location which is within or most convenient to the service area and which is willing to accept and provide public access to the copies. If the Commission determines that these locations will not provide adequate access, the Commission will require that copies of the petition and MFRs be placed at other specified locations.

(4) Upon filing a petition and MFRs for a limited proceeding, the utility shall publish a notice of application in a newspaper of general circulation in the service areas included in the petition.

(5)(a) Within 50 days after the official date of filing established by the Commission, the utility shall provide, in writing, an initial customer notice to all customers within the service areas included in the rate request and to all persons in the same service areas who have filed a

written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the petition is filed.

(b) The initial customer notice must be approved by Commission staff prior to distribution and shall include the following:

1. The date the notice is to be issued;
2. A statement that the utility has filed a rate request with the Commission and a statement of the general reasons for the request;
3. A statement of the locations where copies of the MFRs and petition are available for public inspection and the hours and days when inspection may be made;
4. A comparison of current rates and charges and the proposed new rates and charges;
5. The utility's address, telephone number, and business hours;
6. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, and that such comments should identify the docket number assigned to the proceeding;
7. A statement that complaints regarding service may be made to the Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-3552; and
8. The docket number assigned by the Commission's Division of the Commission Clerk and Administrative Services.

(c) The initial customer notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(6) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide written notice of the date, time, location, and purpose of the customer meeting to all customers within the service areas designated by the Commission staff. The notice must be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(7) If a proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice no less than 14 days and no more than 30 days prior to the date of each hearing held in or near a utility service area included in the rate request. The utility shall also have published in a newspaper of general circulation in the area in which such hearing is to be held a display advertisement stating the date, time, location, and purpose of the hearing. The notice must be approved by Commission staff prior to publication.

(8) After the Commission issues an order granting or denying a rate change, the utility shall notify its customers of the order and any revised rates. The customer notification must be first approved by Commission staff and shall be distributed no later than with the first bill containing any revised rates.

Specific Authority 350.127(2), 367.121(1)(a) FS. Law Implemented 367.0822, 367.121(1)(a) FS. History-New 3-1-04.

25-30.450 Burden of Proof and Audit Provisions.

In each instance, the utility must be able to support any schedule submitted, as well as any adjustments or allocations relied on by the utility. The work sheets, etc. supporting the schedules and data submitted must be organized in a systematic and rational manner so as to enable Commission personnel to verify the schedules in an expedient manner and minimum amount of time. The supporting work sheets, etc., shall list all reference sources necessary to enable Commission personnel to track to original source of entry into the financial and accounting system and, in addition, verify amounts to the appropriate schedules.

Specific Authority 367.121 FS. Law Implemented 367.081 FS. History-New 6-10-75, Formerly 25-10.177, Amended 1-31-00.

25-30.455 Staff Assistance in Rate Cases.

(1) Water and wastewater utilities whose total gross annual operating revenues are \$150,000 or less for water service or \$150,000 or less for wastewater service, or \$300,000 or less on a combined basis, may petition the Commission for staff assistance in rate applications by submitting a completed staff assisted rate case application. In accordance with Section 367.0814(4), F.S., a utility that requests staff assistance waives its right to protest by agreeing to accept the final rates and charges approved by the Commission unless the final rates and charges would produce less revenue than the existing rates and charges. If a utility that chooses to utilize the staff assistance option employs outside experts to assist in developing information for staff or to assist in evaluating staff's schedules and conclusions, the reasonable and prudent expense will be recoverable through the rates developed by staff. A utility that chooses not to exercise the option of staff assistance may file for a rate increase under the provisions of Rule 25-30.443, F.A.C.

(2) Upon request, the Division of Economic Regulation shall provide the potential applicant with the appropriate application form, Commission Form PSC/ECR 2 (Rev. 11/86), "Application for Staff Assisted Rate Case", which is incorporated by reference in this rule, and a copy of Rule 25-30.455, F.A.C., governing staff assisted rate cases. The form may be obtained from the Commission's Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(3) Upon completion of the form, the petitioner may return it to the Director of the Commission Clerk and Administrative Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870.

(4) Upon receipt of a completed application, the Director of the Commission Clerk and Administrative Services shall acknowledge its receipt, assign a docket number for identification, and shall forward the application to a committee comprised of one member each of the Commission's Divisions of Economic Regulation, Auditing and Safety, and Office of the General Counsel.

(5) Within 30 days of receipt of the completed application, the committee shall evaluate the application and determine the petitioner's eligibility for staff assistance.

(a) If the Commission has received four or more applications in the previous 30 days; or, if the Commission has 20 or more docketed staff assisted rate cases in active status on the date the application is received, the Commission shall deny initial evaluation of an application for staff assistance and close the docket. When an application is denied under the provisions of this subsection, the applicant shall be notified of the date on which the application may be resubmitted.

(b) Initially, determinations of eligibility may be conditional, pending an actual examination of the condition of petitioner's books and records. After an initial determination of eligibility, the Division of Auditing and Safety committee shall examine the books and records of the utility before making a final determination of eligibility.

(c) All recommendations of ineligibility shall be in writing and shall state the deficiencies in the application with reference to guidelines set out in subsection (8) of this rule.

(6) Upon reaching a decision to officially accept or deny the application, the Director of the Division of Economic Regulation shall notify the petitioner by letter and initiate staff assistance for the accepted applicant.

(7) The official date of filing will be 30 days after the date of the letter notifying the applicant of the official acceptance of the application by the Commission.

(8) In arriving at a recommendation whether to grant or deny the petition, the following shall be considered:

(a) Whether the petitioner qualifies for staff assistance pursuant to subsection (1) of this rule;

(b) Whether the petitioner's books and records are organized consistent with Rule 25-30.110, F.A.C., so as to allow commission personnel to verify costs and other relevant factors within the 30-day time frame set out in this rule;

(c) Whether the petitioner has filed annual reports;

(d) Whether the petitioner has paid applicable regulatory assessment fees;

(e) Whether the petitioner has at least 1 year's actual experience in utility operation;

(f) Whether the petitioner has filed additional relevant information in support of eligibility, together with reasons why the information should be considered;

(g) Whether the petitioner has complied in a timely manner with all Commission decisions and requests affecting water and wastewater utilities for 2-years prior to the filing of the application under review;

(h) Whether the utility has applied for a staff assisted rate case within the 2 year period prior to the receipt of the application under review.

(9) The Commission will deny the application if a utility does not remit the fee as provided by Section 367.145, F.S., and paragraph 25-30.020(2)(f), F.A.C., within 30 days after official acceptance.

(10) An aggrieved petitioner may request reconsideration which shall be decided by the full Commission.

(11) A substantially affected person may file a petition to protest the Commission's proposed agency action in a staff assisted rate case within 21 days of issuance of the Notice of Proposed Agency Action as set forth in Rule 25-22.036, F.A.C.

(12) In the event of a protest of the Commission's Notice of Proposed Agency Action (PAA Order) in a staff assisted rate case, the utility shall:

(a) Provide prefiled direct testimony in accordance with the procedural order in the case. At a minimum, that testimony shall adopt the Commission's PAA Order in the case;

(b) Sponsor a witness to support source documentation provided to the Commission staff in its preparation of the staff audit, the staff engineering and accounting report and the staff PAA recommendation in the case;

(c) Include in its testimony the necessary factual information to support its position on any issue that it chooses to take a position different than that contained in the Commission's PAA Order;

(d) Meet all other requirements of the order establishing procedures.

(13) Failure to comply with the dates established in the procedural order, or to file timely a request for extension of time for good cause shown, may result in dismissal of the staff assisted rate case and closure of the docket.

(14) In the event of a protest of the Commission's PAA Order in a staff assisted rate case the Commission staff shall:

(a) File prefiled direct testimony to explain its analysis in the PAA recommendation. In the event the staff wishes to alter its PAA position on any issue, it shall provide factual testimony to support its changed position.

(b) Meet all other requirements of the order establishing procedures;

(c) Provide to the utility materials to assist the utility in the preparation of its testimony and exhibits. This material shall consist of an example of testimony filed by a utility in another case, an example of testimony that would support the PAA Order in this case, an example of an exhibit filed in another case, and examples of prehearing statements and briefs filed in other cases.

Specific Authority 367.121, 367.0814 FS. Law Implemented 367.0814 FS. History-New 12-8-80, Formerly 25-10.180, Amended 11-10-86, 8-26-91, 11-30-93, 1-31-00.

25-30.456 Staff Assistance in Alternative Rate Setting.

(1) As an alternative to a staff assisted rate case as described in Rule 25-30.455, F.A.C., water and wastewater utilities whose total gross annual operating revenues are \$150,000 or less for water service or \$150,000 or less for wastewater service, or \$300,000 or less on a combined basis, may petition the Commission for staff assistance in alternative rate setting by submitting a completed staff assisted application for alternative rate setting.

(2) Upon request, the Division of Economic Regulation shall provide the potential applicant with the application form, PSC/ECR 25 (11/93), titled "Application for Staff Assistance for Alternative Rate Setting" which is incorporated by reference in this rule, and a copy of the rules governing Staff Assistance in Alternative Rate Setting. The form may be obtained from the Commission's Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(3) Upon completion of the form, the applicant may return it to the Director of the Commission Clerk and Administrative Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870.

(4) Upon receipt of an application, the Director of the Commission Clerk and Administrative Services shall acknowledge its receipt, assign a docket number for identification, and shall forward the application to the Commission's Division of Economic Regulation.

(5) Within 30 days of receipt of the completed application, the Division of Economic Regulation shall evaluate the application and determine the petitioner's eligibility for staff assistance.

(a) If the Commission has received four or more alternative rate setting applications in the previous 30 days; or, if the Commission has 20 or more docketed staff assisted rate cases in active status on the date the application is received, the Commission shall deny initial evaluation of an application for staff assistance and close the docket. When an application is denied under the provisions of this subsection, the applicant shall be notified of the date on which the application may be resubmitted.

(b) Determinations of eligibility may be conditional, pending an actual examination of the condition of petitioner's books and records.

(c) All recommendations of ineligibility shall be in writing and shall state the deficiencies in the application with reference to guidelines set out in subsection (8) of this rule.

(6) Upon reaching a decision to officially accept or deny the application, the Director of the Division of Economic Regulation shall notify the applicant by letter and initiate staff assistance for the accepted applicant.

(7) The official date of filing will be 30 days after official acceptance of the application by the Commission.

(8) In deciding whether to grant or deny the application, the following shall be considered:

(a) Whether the applicant qualifies for staff assistance pursuant to subsection (1) of this rule;

(b) Whether the applicant has filed annual reports;

(c) Whether the applicant has paid applicable regulatory assessment fees;

(d) Whether the applicant has at least 1 year's actual experience in utility operation;

(e) Whether the applicant has filed additional relevant information in support of eligibility, together with reasons why the information should be considered;

(f) Whether the applicant has made a good faith effort in a timely manner to comply with all Commission decisions and requests affecting water and wastewater utilities for 2-years prior to the filing of the application under review;

(g) Whether the utility has been granted a staff assisted rate case or alternative rate setting within the 2-year period prior to the receipt of the application under review.

(9) The Commission shall deny the application if a utility does not remit the fee, as provided by Section 367.145, F.S., and paragraph 25-30.020(2)(f), F.A.C., within 30 days after official acceptance.

(10) An aggrieved applicant may request reconsideration which shall be decided by the full Commission.

(11) The Commission shall, for the purposes of determining the amount of rate increase, if any, compare the operation and maintenance expenses (O & M) of the utility to test year operating revenues. The Commission shall consider an allowance for return on working capital using the one-eighth of O & M formula approach.

(12) The Commission shall limit the maximum increase in operating revenues to 50 percent of test year operating revenues.

(13) The Commission shall vote on a proposed agency action (PAA) recommendation establishing rates no later than 90 days from the official filing date as established in subsection 25-30.455(7), F.A.C.

(14) A substantially affected person may file a petition to protest the Commission's PAA Order regarding a staff assisted alternative rate setting application within 21 days of issuance of the Notice of Proposed Agency Action as set forth in Rule 28.106.201, F.A.C.

(15) In the event of protest of the PAA Order by a substantially affected party, the rates established in the PAA Order may be implemented on a temporary basis. At that time the utility may elect to pursue rates set pursuant to the rate base determination provisions of Rule 25-30.455, F.A.C.

(16) In the event of a protest the maximum increase established in (13) above shall no longer apply.

(17) In the event of a protest of the Commission's PAA Order in a staff assisted alternative rate setting application, the utility shall:

(a) Provide prefiled direct testimony in accordance with the procedural order in the case. At a minimum, that testimony shall adopt the Commission's PAA Order in the case;

(b) Sponsor a witness to support source documentation provided to the Commission staff in its preparation of the staff engineering and accounting analysis and the staff PAA recommendation in the case;

(c) Include in its testimony the necessary factual information to support its position on any issue that it chooses to take a position different than that contained in the Commission's PAA Order;

(d) Meet all other requirements of the order establishing procedures.

(18) Failure to comply with the dates established in the procedural order, or to timely file a request for extension of time for good cause shown, may result in dismissal of the staff assisted alternative rate setting application and closure of the docket.

(19) In the event of protest of the Commission's PAA Order in a staff assisted alternative rate setting application the Commission staff shall:

(a) File prefiled direct testimony to explain its analysis in the PAA recommendation. In the event the staff wishes to alter its PAA position on any issue it shall provide factual testimony to support its changed position.

(b) Meet all other requirements of the order establishing procedures;

(c) Provide to the utility materials to assist the utility in the preparation of its testimony and exhibits. This material shall consist of an example of testimony filed by a utility in another case, a sample of testimony that would support the PAA Order in this case, an example of an exhibit filed in another case, and examples of prehearing statements and briefs filed in other cases.

Specific Authority 367.0814, 367.121 FS. Law Implemented 367.0814 FS. History-New 11-30-93, Amended 1-31-00.

25-30.460 Application for Miscellaneous Service Charges.

(1) All water and wastewater utilities may apply for miscellaneous service charges. These charges shall be included in each company's tariff and include rates for initial connections, normal reconnections, violation reconnections, and premises visit charges.

(a) Initial connection charges are levied for service initiation at a location where service did not exist previously.

(b) Normal reconnection charges are levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.

(c) Violation reconnection is a charge that is levied prior to reconnection of an existing customer after discontinuance of service for cause according to subsection 25-30.320(2), F.A.C., including a delinquency in bill payment. Violation reconnection charges are at the tariffed rate for water and actual cost for wastewater.

(d) Premises Visit Charge is levied when a service representative visits a premises at the customer's request for complaint resolution and the problem is found to be the customer's responsibility.

(e) Premises Visit Charge (in lieu of disconnection) is levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible

bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

(2) A utility may request an additional charge ("after hours charge") for overtime when the customer requests that the service be performed after normal hours. The after hours charge may be at the same rate specified for the existing charge during normal working hours. If the utility seeks a charge other than the normal working hours charge, the utility must file cost support.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.121 FS. History-New 11-30-93.

25-30.465 Private Fire Protection Rates.

The rate for private fire protection service shall be a charge based on the size of the connection rather than the number of fixtures connected. The rate shall be one-twelfth the current base facility charge of the utility's meter sizes, unless otherwise supported by the utility.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.121 FS. History-New 11-30-93.

25-30.470 Calculation of Rate Reduction After Rate Case Expense is Amortized.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.0816, 367.121 FS. History-New 11-30-93, Repealed 11-12-00.

25-30.4705 Calculation of Rate Reduction After Rate Case Expense is Amortized.

To calculate the rate reduction to be made four years after a rate case as required by Section 367.0816, F.S., the following methodology shall be used. The annual amount of rate case expense, which is equal to one-fourth of the total allowed rate case expense, shall be divided by the regulatory assessment fee gross up factor. The resulting number shall then be divided by the revenue requirement to determine the percentage of the rate reduction. The percentage is then multiplied against the new rates to determine the amount of the future rate reduction. Revised tariff sheets implementing the reduction shall be filed no later than one month before the end of the fourth year.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.0816, 367.121 FS. History-New 2-24-02.

25-30.475 Effective Date of Approved Tariffs.

Effective dates shall be as follows unless otherwise authorized by the Commission:

(1) For recurring rates or charges:

(a) Metered or flat recurring rates shall be effective for service rendered as of the stamped approval date on the tariff sheets provided customers have received notice. The tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision, that the proposed customer notice is adequate, and that any required security has been provided.

(b) If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rate may be prorated. The old charge shall be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge shall be prorated based on the number of days in the billing cycle on and after the effective date of the new rates.

(c) In no event shall the rates be effective for service rendered prior to the stamped approval date.

(2) Non-recurring charges (such as service availability, guaranteed revenue charges, allowance for funds prudently invested, miscellaneous services) shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets provided customers have received notice. The tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. In no event shall the rates be effective for service rendered prior to the stamped approval date.

Specific Authority 367.121 FS. Law Implemented 367.121 FS. History-New 11-30-93.

PART VI - SERVICE AVAILABILITY

WATER AND WASTEWATER SYSTEMS
SERVICE AVAILABILITY CHARGES

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25-30.510 Applicability.

The provisions of this part, Rules 25-30.510 through 30.585, F.A.C., shall apply to a utility when it files for a change in its service availability policy or charges or when the Commission initiates a show cause proceeding to require the utility to change such policy or charges. The provisions are not applicable to policies implemented and contracts entered into prior to the effective date of this Part.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Formerly 25-30.51, 25-30.051.

25-30.515 Definitions.

When used in this part or in service availability policies or in service availability contracts or agreements, the following terms have the following meanings:

(1) Active Connection means a connection to the utility's system at the point of delivery of service, whether or not service is currently being provided.

(2) Customer Connection Charge means any payment made to the utility for the cost of installing a connection from the utility's water or sewer lines, including but not limited to the cost of piping and the meter installation fee.

(3) Contribution-in-aid-of-construction (CIAC) means any amount or item of money, services, or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment used to provide utility services to the

public. The term includes, but is not limited to, system capacity charges, main extension charges and customer connection charges.

(4) Contributor means a person, builder, developer or other entity who makes a contribution-in-aid-of-construction.

(5) Customer Installation means all the facilities on the customer's side of the point of delivery.

(6) Developer's Agreement means a written agreement setting forth in detail the terms and conditions under which a utility will render service to a developer's property.

(7) Economic Feasibility means a test by which the operating income of a utility to be earned from prospective customers within the area to be served by a proposed extension of facilities is divided by the investment in such facilities to determine if the utility will earn a fair return on its investment in the proposed extension.

(8) Equivalent Residential Connection (ERC) means

(a) 350 gallons per day;

(b) The number of gallons a utility demonstrates is the average daily flow for a single residential unit; or

(c) The number of gallons which has been approved by the Department of Environmental Protection for a single residential unit.

(9) Guaranteed Revenue Charge means a charge designed to cover the utility's costs including, but not limited to the cost of operation, maintenance, depreciation, and any taxes, and to provide a reasonable return to the utility for facilities, a portion of which may not be used and useful to the utility or its existing customers. Guaranteed Revenues are designed to help the utility recover a portion of its cost from the time capacity is reserved until a customer begins to pay monthly service rates.

(10) Hydraulic Share means the pro rata share of the capabilities of the utility's facilities to be made available for service to the contributor. The pro rata share is multiplied by the unit cost (per gallon) of providing the facilities to determine the proportional share of the cost thereof to be borne by the contributor.

(11) Inspection Fee means either the actual or the average cost to the utility of inspecting, or having inspected, the facilities constructed by a contributor or by an independent contractor for connection to the facilities of the utility.

(12) Main Extension Charge means a charge made by the utility for the purpose of covering all or part of the utility's capital costs in extending its off-site water or wastewater facilities to provide service to specified property. The charge is determined on the "hydraulic share" basis or other acceptable method reasonably related to the cost of providing the service.

(13) Meter Installation Fee means the amount authorized by the Commission which is designed to recover the cost of installing the water measuring device at the point of delivery including materials and labor required.

(14) Off-Site Facilities means either the water transmission mains and facilities or the sewage collection trunk mains and facilities, or the sewage collection trunk mains and facilities, including, but not limited to, manholes, sewage force mains and sewage pumping stations, the purpose of which is either to provide water service to properties within the service territory of the service utility or to collect sewage received from properties within the territory.

(15) On-Site Facilities means the portion of the water distribution system or the sewage collection and treatment system that has been, or is to be, located wholly within the property to which service is to be extended. If off-site facilities cross the property of the customer via an

easement, the on-site facilities shall mean the water distribution system or the sewage collection system that is located on the customer's property, exclusive of the off-site facilities.

(16) Refundable Advance means money paid or property transferred to a utility by the applicant for the installation of facilities which may not be used and useful for a period of time. The advance is made so that the proposed extension may be rendered economically feasible. The advance is returned to the applicant over a specified period of time in accordance with a written agreement as additional users connect to the system.

(17) Service Availability Policy means the section of the utility's tariff which sets forth a uniform method of determining the system capacity charge or other charges to be paid and conditions to be met, by applicants for service in order to obtain water or wastewater service.

(18) Special Service Availability Contract means an agreement for charges for the extension of service which is not provided for in the utility's service availability policy.

(19) System Capacity Charge means the charge made by a utility for each new connection to the system which charge is designed to defray a portion of the cost of the utility system.

(20) Treatment Facilities means the facilities used for the production and treatment of water or for the treatment and disposal of wastewater.

(21) Plant Capacity Charge means a charge made by the utility for the purpose of covering all or part of the utility's capital costs in construction or expansion of treatment facilities.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, 11-30-93.

25-30.520 Responsibility of Utility to Provide Service.

It is the responsibility of the utility to provide service within its certificated territory in accordance with terms and conditions on file with the Commission.

Specific Authority 367.121(1) FS. Law Implemented 367.101, 367.111 FS. History-New 6-14-83, Formerly 25-30.52.

25-30.525 Application for Extension of Service.

This rule applies to an application for the extension of service to a part of the utility's certificated territory where the utility is not presently providing service.

(1) An application for extension of water or wastewater service shall be made in writing to the utility on forms provided by the utility. The application shall include if applicable:

- (a) A legal description of the property including reference to section, township and range.
- (b) A drawing of the property showing its boundaries.
- (c) The present zoning classification of the property.
- (d) A plat map.
- (e) A development plan.
- (f) The intended land use of the development, including densities and types of use.
- (g) The name and address of the person or entity making the application for extension of service.
- (h) The nature of the applicant's title to or interest in the described property.
- (i) The date, or estimate of the date, service will be needed.

(2) If a utility receives an oral request for service, it shall advise the person making the request that applications for utility service must be made in writing.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101, 367.111 FS. History-New 6-14-83.

25-30.530 Response to Applications for Extension of Service Within a Utility's Certificated Territory, Cost Estimates.

(1) A utility shall respond to a request for extension of service within its certificated territory when the request is made on an application form supplied by the utility and submitted by a person or entity having a title interest in the property for which service is requested or by the duly authorized agent of such person or entity.

(2) Within 30 days after receipt of the application the utility shall notify the applicant in writing that service can or cannot be made available within a reasonable time.

(a) If service can be made available within a reasonable time the written response shall state that the utility will be obligated to service the applicant only after a contract or a developer's agreement is properly executed by both parties.

(b) If service cannot be made available within a reasonable time, the utility shall notify the applicant and the Commission of the reasons why service cannot be made available and an estimate of when it can be made available.

(3)(a) If the utility notifies an applicant that service is available, the following shall apply:

1. If the request is for service to a single residence or single commercial facility, the utility shall furnish a cost estimate of the proposed extension and a preliminary sketch of the extension.

2. If the request is for service to a development, and the provision of service will be by the extension of existing facilities through utility investment, the utility shall be responsible for all engineering, planning, design and development.

3. If the request is for service to a development and the developer will be providing the necessary facilities for the extension, or will be paying for the construction of such facilities, the developer shall be responsible for the planning, design, and developing of construction drawings to extend the existing facilities to serve the proposed development, in accordance with Florida law. In such cases, the utility shall furnish general construction specifications, an estimate of the costs to be borne by the applicant, and a quotation of advances to be made upon execution of a developer's agreement or other service agreement. The estimate shall include the cost of meters which are covered by tariff provisions for meter installation fees.

(b) The sketches, and estimates of costs to be borne by the applicant, which are to be prepared by the utility shall be prepared, as applicable, and delivered to the applicant within 60 days after the date of application. However, if the size and scope of the service requested requires more time to prepare an estimate and sketch, the utility shall prepare and deliver the estimate and sketch within 90 days.

(c) In estimating the connection costs to be borne by the applicant, the following shall apply:

1. If the utility decides to install facilities for its future benefit that are larger than normally required in the requested extension, the incremental cost for the larger facilities shall not be included in the cost estimate, but shall be covered by utility investment or by refundable advance agreement.

2. If more than one customer is to be served by a facility, the costs to be charged to a particular customer shall be determined according to the hydraulic demand of that customer or in accordance with some other acceptable method reasonably related to the cost of providing service.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101, 367.111 FS. History-New 6-14-83, Formerly 25-30.53, 25-30.053.

25-30.540 Agreements for Service, Performance under Agreements.

(1) Upon acceptance of the utility's proposal and estimates provided under Rule 25-30.530(3), F.A.C., the appropriate service agreement or developer's agreement shall be executed by both parties.

(2) An advance deposit may be required by the utility at the time of execution to cover the additional utility costs of preparing engineering plans and cost estimates of construction required to serve the property, and other engineering, administrative or legal expenses prudently incurred by the utility in the execution or performance of the agreement. The advance deposit shall not exceed 10 percent of the total charges to be paid by the applicant under the agreement or the additional engineering, administrative and legal expenses prudently incurred by the utility, whichever is greater.

(3)(a) The utility may charge and collect a reasonable amount, up to the total charges due under the agreement, to extend services. Upon the collection of the charges, the utility shall reserve the necessary treatment capacity for the applicant for a period of time specified in the agreement.

(b) Unless the utility can sell the reserved capacity, the charges collected shall not be refunded should the applicant not proceed further with the development. The agreement shall set forth the period of time within which a sale of the reserved capacity will require a refund to the applicant, which time period shall not be less than four years.

(4) If an applicant believes the charges required by a utility pursuant to subsections (2) and (3) are unreasonable, the applicant may file a complaint with the Commission in accordance with Chapter 25-22, F.A.C.

(5) After a developer's agreement is filed with the Commission and any party to the agreement fails to perform under the contract, the utility shall notify the Commission of the failure to perform.

(6) Upon receipt of the executed service agreement or developer's agreement and any advance deposit or other payment, the utility and applicant will proceed with final engineering plans and specifications that each is responsible for and shall submit such plans and specifications to the appropriate regulatory agencies for approval. The utility will be allowed a reasonable period of time from the date of the execution of the agreement to complete the final engineering plans and construct the off-site facilities to serve the applicant.

(7) An applicant may use its engineer to prepare plans and specifications for its on-site development. However, such plans and specifications and the on-site water or wastewater facilities will be subject to the utility's inspection and approval. An appropriate inspection and plan review fee may be charged by the utility.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Formerly 25-30.54, Amended 11-10-86, Formerly 25-30.054.

25-30.545 Construction.

(1) The size, type and quality of materials and their location in facilities to be constructed for the extension of service to customers shall be specified by the utility.

(2) Construction of the facilities may be done by the utility or, at its option, a construction agency acceptable to it. The utility may prescribe reasonable inspection requirements to ensure that the materials and workmanship meet prescribed standards when the construction of the facilities is done by a construction agency.

(3) In determining the length of a water or sewer main extension necessary to render service at a particular point, the distance from such point to the existing main shall be along a line drawn in accordance with proper construction and engineering standards.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83.

25-30.550 Filing of Agreements; Approval of Contracts.

(1) A copy of each developer's agreement shall be filed with the Commission within 30 days of execution. Upon filing, the agreement shall be deemed to be approved under the utility's existing service availability policy, unless the Commission gives notice of intent to disapprove within 30 days. Approval of a developer's agreement does not preclude the Commission from affecting the provisions of a developer's agreement if, pursuant to Commission action, the terms and conditions of a utility's service availability policy are changed.

(2) Each special service availability contract shall be approved by the Commission prior to becoming effective.

(3) Each special service availability contract and developer's agreement shall be accompanied by a statement from the utility affirming the current treatment plant connected load, the current treatment plant capacity, and the amount of capacity reserved under the agreement or contract. In lieu of this information, the utility may file a copy of its Department of Environmental Protection permit application.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Formerly 25-30.55, 25-30.055.

25-30.555 Rate of Return.

The rate of return required of an applicant by a utility pursuant to a guaranteed revenue agreement shall not exceed the return authorized the utility by the Commission in its most recent rate case, or in the absence of such determination, a rate of return calculated by using the appropriate rate of return on equity authorized by the Commission pursuant to Section 367.081(4)(f), F.S., on the utility's investment in the plant and system expansion that provides service to the applicant.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.081, 367.101 FS. History-New 6-14-83.

25-30.560 Disputes.

(1) Disputes concerning the application of these rules or concerning developer agreements may be referred to the Commission for disposition by the filing of a complaint in accordance with Rule Chapter 25-22, F.A.C.

(2) Upon the filing of a complaint, or during the pendency of a complaint, a party to the agreement may, after written demand to the utility for performance, make payments and perform acts as specified in the utility's service availability policy or as required in the developer's agreement, and the utility shall proceed with its performance pursuant to the service availability policy or developer's agreement pending resolution of the dispute by the Commission. However, the utility may request that the Commission relieve the utility of performance if the utility can show that performance is not in the best interests of its customers.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Formerly 25-30.56, 25-30.560.

25-30.565 Application for Approval of New or Revised Service Availability Policy or Charges.

(1) Each application for a service availability policy or charges shall be filed in original and 12 copies.

(2) Upon filing an application for a new or revised service availability charge or policy, the utility shall provide notice pursuant to Rule 25-30.4345, F.A.C.

(3) A filing fee as required in Rule 25-30.020, F.A.C., shall be submitted at the time of application.

(4) Each application shall include the following, if applicable:

(a) A statement describing how the notice provisions have been complied with, including a copy of the actual notice(s).

(b) The name of the applicant, the applicant's principal place of business and each local office from which company operations are conducted. The applicant's name shall be as it appears on the certificate issued by the Commission if one has been issued.

(c) The number of the Commission order, if any, which previously considered the charges or service availability policy for the system involved.

(d) A statement explaining the basis for the requested changes in charges and conditions.

(e) A schedule showing the original cost of any existing treatment plants, the water transmission and distribution system, and the sewage collection system, by Uniform System of Accounting account numbers as required by Rule 25-30.115, F.A.C., and the related capacity of each system as of 90 days prior to application.

(f) A detailed statement of accumulated depreciation for the plant listed in (e) above as of 90 days prior to application.

(g) A schedule showing the number of active customers on line 90 days prior to the time of application by meter size, by customer class, and the related equivalent residential connections (ERC) as defined in subsection 25-30.515(8), F.A.C. Describe the method by which an ERC is defined.

(h) A detailed statement defining the capacity of the treatment facilities in terms of ERCs as used in developing the proposed service availability charges.

(i) A detailed statement defining the capacity of the distribution or collection system in terms of ERCs as used in developing the proposed service availability charges.

(j) Provide a list of outstanding developer agreements.

(k) For each developer agreement state whether the agreement is designed to result in contributed property, other than the approved system capacity charge, within the next 24 months; an estimate of the value of the contributed property to be added to the utility's books; and a description of the property.

(l) A schedule showing total collections of contributions-in-aid-of-construction (CIAC) as of 90 days prior to the date of application. Detail any prepaid CIAC by amount, the related reserved ERCs, and the anticipated connection date. Reference any appropriate developer agreements.

(m) A detailed statement of accumulated amortization of CIAC as listed in (l) above as of 90 days prior to application.

(n) Copies of approvals or permits for construction and operation of treatment facilities.

(o) A detailed statement by a registered professional engineer showing the cost, by Uniform System of Accounting account numbers, and capacity of proposed plant expansion, and a timetable showing projected construction time.

(p) A detailed statement by a registered professional engineer showing how the proposed construction will affect the capacity of the existing systems.

(q) If the expansion or plant upgrading is being undertaken to comply with the mandates of local, state or federal regulatory authorities, copies of the order(s) or correspondence directing the expansion or upgrading.

(r) A schedule showing the projected growth rate for utilization of the existing plant and line capacity and future plant and line capacity.

(s) A summary schedule of how the proposed service availability charge was calculated.

(t) A schedule showing, by meter size, the cost of meters, connecting fittings, meter boxes or enclosures and also showing sufficient data on labor and any other applicable costs to allow the determination of an average cost for meter installation by type.

(u) A statement of the existing and proposed on-site and off-site main installation charges or policy.

(v) The company's present capital structure, including the cost of debt in the present capitalization. The availability and cost of other sources of financing the proposed expansion or upgrading of the system also shall be given.

(w) An original and three copies of the proposed tariff sheets.

(5) Upon filing of the application and supporting exhibits, the utility shall place copies thereof at its local office of the utility serving the area affected by the charges and conditions, and such copies shall be made available for public inspection.

(6) Each utility shall demonstrate the appropriateness of the requested service availability charges and conditions.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Amended 11-10-86, 11-30-93.

25-30.570 Imputation of Contributions-in-Aid-of-Construction.

If the amount of CIAC has not been recorded on the utility's books and the utility does not submit competent substantial evidence as to the amount of CIAC, the amount of CIAC shall be imputed to be the amount of plant costs charged to the cost of land sales for tax purposes if available, or the proportion of the cost of the facilities and plant attributable to the water transmission and distribution system and the sewage collection system.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Formerly 25-30.57, 25-30.057, Amended 1-31-00.

25-30.580 Guidelines for Designing Service Availability Policy.

A utility's service availability policy shall be designed in accordance with the following guidelines:

(1) The maximum amount of contributions-in-aid-of-construction, net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity; and

(2) The minimum amount of contributions-in-aid-of-construction should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and sewage collection systems.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83, Formerly 25-30.58, 25-30.058, Amended 1-31-00.

25-30.585 Developer Service Availability Charges.

Subject to the limitation in Rule 25-30.580, F.A.C., service availability charges for real estate developments shall not be less than the cost of installing the water transmission and distribution facilities and sewage collection system and not more than the developer's hydraulic share of the total cost of the utility's facilities and the cost of installing the water transmission and distribution facilities and sewage collection system. The terms of a developer's agreement shall be consistent with the basic principles embodied in the rules in this part of the utility's approved tariff. A statement of the potential impact of the developer agreement on the rates of the utility shall be submitted along with the developer agreement pursuant to Rule 25-30.550, F.A.C.

Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History-New 6-14-83.

